



Huabao International Holdings Limited
華寶國際控股有限公司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 00336

2012-2013 Interim Report 中期報告



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. CHU Lam Yiu (*Chairman*)
Mr. LAU Chi Tak (*CEO*)
Mr. POON Chiu Kwok
Mr. WANG Guang Yu
Mr. XIA Li Qun (*CFO*)
Mr. XIONG Qing

Independent Non-executive Directors

Dr. JIN Lizuo
Mr. LEE Luk Shiu
Ms. MA Yun Yan

AUDIT COMMITTEE

Mr. LEE Luk Shiu (*Chairman*)
Dr. JIN Lizuo
Ms. MA Yun Yan

REMUNERATION COMMITTEE

Mr. LEE Luk Shiu (*Chairman*)
Ms. MA Yun Yan
Mr. XIA Li Qun

NOMINATION COMMITTEE

Ms. CHU Lam Yiu (*Chairman*)
Dr. JIN Lizuo
Mr. LEE Luk Shiu

QUALIFIED ACCOUNTANT

Ms. CHOY Man Har *FCCA, FCCA*

COMPANY SECRETARY

Mr. POON Chiu Kwok *FCS, FCS*

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISOR

Herbert Smith Freehills

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Lung Bank Limited

公司資料

董事會

執行董事

朱林瑤女士 (*主席*)
劉志德先生 (*總裁*)
潘昭國先生
王光雨先生
夏利群先生 (*財務總監*)
熊卿先生

獨立非執行董事

金立佐博士
李祿兆先生
麻雲燕女士

審核委員會

李祿兆先生 (*主席*)
金立佐博士
麻雲燕女士

薪酬委員會

李祿兆先生 (*主席*)
麻雲燕女士
夏利群先生

提名委員會

朱林瑤女士 (*主席*)
金立佐博士
李祿兆先生

合資格會計師

蔡文霞女士 *FCCA, FCCA*

公司秘書

潘昭國先生 *FCS, FCS*

核數師

羅兵咸永道會計師事務所

法律顧問

史密夫律師事務所

主要往來銀行

恒生銀行有限公司
香港上海滙豐銀行有限公司
永隆銀行有限公司

Corporate Information (cont'd)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3008
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudian Road
Pembroke HM8
Bermuda

BRANCH SHARE REGISTRAR

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00336

COMPANY WEBSITE

www.huabao.com.hk

INVESTOR RELATIONS WEBSITE

<http://huabao.todayir.com/html/ir.php>

公司資料 (續)

總部及香港主要營業地

香港
灣仔
港灣道18號
中環廣場
3008室

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

主要股份過戶登記處

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudian Road
Pembroke HM8
Bermuda

股份過戶登記分處

卓佳登捷時有限公司
香港
灣仔
皇后大道東28號
金鐘匯中心26樓

股票代號

香港聯合交易所有限公司：00336

公司網址

www.huabao.com.hk

投資者關係網站

<http://huabao.todayir.com/html/ir.php>

Financial Highlights

- Sales increased by approximately 10.4% to HKD1,684,042,000
- Operating profit decreased by approximately 3.3% to HKD898,188,000, if the amounts of Exchange Gain or Loss (please refer to the Table of Financial Highlights on P.6 for definition) were excluded, it represented a growth of approximately 4.3% over the corresponding period last year
- Profit attributable to the equity holders of the Company decreased by approximately 3.7% to HKD784,903,000, if the amounts of Exchange Gain or Loss were excluded, it represented a growth of approximately 5.0% over the corresponding period last year
- Net cash generated from operating activities increased by approximately 5.5% to HKD706,608,000
- Cash and cash equivalents increased by 17.7% to HKD2,691,881,000 as compared with 31 March 2012, net cash reached HKD1,764,381,000
- Proposed interim dividend of HK7.48 cents per Share and a special dividend of HK2.48 cents per Share, representing a total dividend payout ratio of 40%

RESULTS HIGHLIGHTS

- Has successfully overcome adverse macro economic environment, flavours segment maintains a steady growth momentum
- RTL business continues rapid development, with segment sales reached HKD196,142,000, representing a growth of 77.1% over the corresponding period last year; profitability also significantly elevated, segment operating profit greatly increased by 259.3%
- As compared with 31 March 2012, inventory decreased while Working Capital Employed* slightly increased by 4.8%, management of Working Capital Employed has gradually improved, resulting in net cash generated from operating activities increased by 5.5% over corresponding period last year
- The sales and profitability of fragrances business recovered significantly after business streamlining, segment operating profit increased significantly by approximately 63.9%
- Financial position remained sound, net cash reached HKD1.76 billion, representing an increase of 29.8% as compared with 31 March 2012

財務摘要

- 營業額增加約10.4%至港幣1,684,042,000元
- 營運盈利下降約3.3%至港幣898,188,000元，除匯兌損益（定義見第六頁之財務摘要表）前同比增長約4.3%
- 本公司權益持有人應佔盈利下降約3.7%至港幣784,903,000元，除匯兌損益前同比增長約5.0%
- 營運活動所產生的淨現金增加約5.5%至港幣706,608,000元
- 現金及現金等價物比二零一二年三月三十一日增加約17.7%至港幣2,691,881,000元，淨現金達約港幣1,764,381,000元
- 建議中期股息為每股港幣7.48仙，另加派特別股息每股港幣2.48仙，合共派息率達40%

業績亮點

- 成功應對不利的宏觀經濟環境，食用香精香料板塊繼續保持穩步增長勢頭
- 煙草薄片業務持續快速發展，板塊銷售收入達港幣196,142,000元，同比增長約77.1%；盈利能力同樣明顯提升，板塊營運盈利大幅增長約259.3%
- 存貨水平相比二零一二年三月三十一日有所下降，營運資本投入*增加僅4.8%，營運資本投入管理逐步改善，使得營運活動所產生的淨現金較去年同期增長了約5.5%
- 日用香精香料業務經業務梳理後銷售及盈利能力明顯回升，板塊營運盈利大幅增長約63.9%
- 財務狀況維持穩健，集團淨現金達港幣17.6億元，較二零一二年三月三十一日上升了29.8%

Financial Highlights (cont'd)

AREAS OF DEFICIENCY

- Overall sales revenue increased by approximately 10.4%, the growth rate decelerated over corresponding period last year

Management's view: Due to adverse factors such as the slow-down of China macro economy and certain industry factors, overall sales growth has slowed down. The Group is in the midst of executing a new development concept and establishing a new growth engine. With the RTL segment entering rapid growth stage, the Group's overall sales revenue growth pace is expected to gradually recover.

- Overall operating profit decreased by 3.3% to HKD898 million, EBIT margin lowered to 53.3%

Management's view: It was mainly due to the change in sectors' revenue mix which resulted in a lower gross profit margin. Also, RMB exchange rate was lower during the period resulting in exchange loss, if the amounts of Exchange Gain or Loss were excluded, operating profit was increased by approximately 4.3% over the corresponding period last year. The increases in the amount of administrative expenses and the ratio of it to sales revenue were mainly attributable to the increase in the Group's R&D expenses, adjustment of employee salary and increase in depreciation expenses, etc.

財務摘要 (續)

業績不足之處

- 整體收入增長約10.4%，增長率較去年同期有所放緩

管理層的看法：受中國宏觀經濟增速放緩以及一些行業因素影響，整體收入增長速度有所下降。集團正在實施新的發展思路，打造新的增長引擎，隨著煙草薄片板塊進入全速發展期，集團的整體收入增速有望逐步回升。

- 整體營運盈利同比下降3.3%至港幣8.98億元，EBIT率下降至53.3%

管理層的看法：主要是由於綜合毛利率因板塊銷售收入的比重發生變化而有所下降；人民幣匯率偏軟導致匯兌損失，如果剔除匯兌損益，營運盈利較去年同期上升了約4.3%；行政開支金額及佔銷售比例增加的主要原因是集團研發費用、員工薪酬調整及折舊等費用的上升所致。

* "Working Capital Employed" equals to "Inventory" plus "Trade receivables" plus "Notes receivables" minus "Trade payables".

* 「營運資本投入」等於「存貨」加「貿易應收款項」加「應收票據」減「貿易應付款項」。

Financial Highlights (cont'd)

財務摘要 (續)

TABLE OF FINANCIAL HIGHLIGHTS

財務摘要表

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月		Change in percentage 百分比變動
		2012 二零一二年 HKD'000 港幣千元	2011 二零一一年 HKD'000 港幣千元	
Sales	營業額	1,684,042	1,525,451	+10.4%
Operating profit	營運盈利	898,188	928,837	-3.3%
Gross profit margin	毛利率	68.1%	70.6%	
EBITDA margin ⁺	EBITDA率 ⁺	57.0%	64.4%	
EBIT margin	EBIT率	53.3%	60.9%	
Profit before income tax	除稅前盈利	905,262	934,984	-3.2%
Profit attributable to the equity holders of the Company	本公司權益持有人應佔盈利	784,903	814,920	-3.7%
Exchange (loss)/gain ("Exchange Gain or Loss") (note 15)	匯兌(損失)/收益 (「匯兌損益」)(附註15)	(15,930)	52,518	
Operating profit before Exchange Gain or Loss	除匯兌損益前之營運盈利	914,118	876,319	+4.3%
Profit attributable to the equity holders of the Company before Exchange Gain or Loss	除匯兌損益前之本公司權益持有人應佔盈利	800,833	762,402	+5.0%
Cash flows from operating activities	營運活動產生之淨現金	706,608	669,739	+5.5%
		HK cents 港仙	HK cents 港仙	
Earnings per share	每股盈利			
– Basic	– 基本	24.87	25.85	-3.8%
– Diluted	– 攤薄	24.85	25.71	-3.3%
Interim dividend per Share	每股中期股息	7.48	7.80	
Special dividend per Share	每股特別股息	2.48	5.18	
Total dividend payout ratio	合共派息率	40%	50%	

⁺ Equals to "Earnings before taxes, interest, depreciation, amortization and share option compensation expenses" divided by "sales".

⁺ 等於「除稅、利息、折舊、攤銷及購股權報酬費用前的盈利」除以「營業額」。

CEO's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the interim results of the Group for the six months ended 30 September 2012.

As stated in our 2011-2012 annual report published in June, we have been holding a more prudent attitude towards the trend of market development. During the first half of 2012, the global economic and political situation remained nervous and challenging. A series of economic stimulus packages have yet to salvage the economies in the Euro Zone and the U.S. quickly from recession, whereas the negative effect of the European debt crisis seemed to be expanding, the developed economic systems headed by the U.S. may be stuck in a prolonged and slow economic recovery. As for the market of mainland China, while demand remained strong, it is widely predicted that the downturn trend will be increasingly evident following the exceptional high growth for the past few years. The management is aware that, according to the statistics from the Ministry of Finance of the PRC, representative industries such as industrial enterprises and state-owned enterprises have seen consecutive months of negative growth since the beginning of the year.

Against such an adverse environment, the Group actively promote its 'multi-pronged, focus growth' development strategy, through an open and comprehensive technology edge, using the end market as the pivot point, relentlessly in providing customers with innovative products and services; overcoming numerous difficulties in striving for steady business growth in the current flavours and fragrances business. Meanwhile, the installation of the second phase of Guangdong Jinye 20,000-ton RTL production line has completed and trial production is smoothly underway. Such project is of international leading standard in the domestic RTL area. In regards to new cigarette materials, while promoting the Korea project, we will continuously explore for new development opportunities and actively pursue for new businesses' development. Apart from daily operations, the Board spared efforts in upholding the responsibility and obligation of safeguarding Shareholders' and the Company's value, by ways of declaring dividends and special dividends, and share repurchases.

總裁報告

各位股東：

在此，本人謹代表董事會欣然向各股東報告本集團截至二零一二年九月三十日止六個月的中期業績。

繼我們於六月份刊發的2011-2012年度報告所述，我們對市場的發展態勢早已持有更加謹慎的態度；二零一二年上半年，全球經濟及政局形勢依然緊張，形勢嚴峻。一系列的經濟刺激計劃未能使歐元區和美國經濟迅速走出低谷，歐債危機的負面影響繼續擴大，以美國為首的發達經濟體系未來更有可能進入漫長的經濟復甦期。在內地市場方面，儘管國內需求依然保持強勁，但普遍預測由於過去數年的高速擴張，經濟下行的趨勢亦漸變明顯。據管理層所知，中國財政部數據顯示，不論是工業企業或國有企業等具代表性的行業，自本年來均已錄得連續數月的負增長。

在不利的宏觀環境下，本集團積極推進同心多元化的發展策略，以開放的思路、綜合技術優勢，以終端市場為原動力，不斷為客戶提供創新型產品和服務，克服重重困難，努力實現了現有香精香料業務的穩步增長。同時，完成了廣東金葉二期20,000噸薄片項目的安裝調試並順利進行了試生產。該項目在國內煙草薄片領域具國際領先水平的生產線。捲煙新材料方面，我們在推進韓國項目的同時，不斷在行業內探索新的發展機會，積極推動新業務的發展。除在日常運作外，董事會亦沒有忘記維護股東利益的責任和義務，通過派發股息、特別股息和股票回購捍衛股東和公司價值。

CEO's Statement (cont'd)

Continuous business growth, steady results growth after excluding the amounts of Exchange Gain or Loss and sound financial position

For the six months ended 30 September 2012, the Group's sales revenue reached approximately HKD1.68 billion, representing an increase of approximately 10.4% over the corresponding period last year. The overall gross profit margin reached approximately 68.1%, slightly decreased as compared with 70.6% over the corresponding period last year. Operating profit was approximately HKD898 million, representing a decrease of approximately 3.3% over the corresponding period last year. EBIT margin reached approximately 53.3%. If the amount of exchange loss of HKD15.93 million of this reporting period and the amount of exchange gain of HKD52.52 million of corresponding period last year were excluded, operating profit reached approximately HKD914 million and HKD876 million respectively, representing an increase of approximately 4.3% year-on-year. Profit attributable to equity holders of the Company was approximately HKD785 million, representing a decrease of approximately 3.7% over the corresponding period of last year. If the amounts of Exchange Gain or Loss were excluded, profit attributable to equity holders of the Company for this reporting period and the corresponding period last year reached approximately HKD801 million and HKD762 million respectively, representing an increase of approximately 5.0% year-on-year. Diluted EPS was HK24.85 cents, representing a decrease of approximately 3.3% over the corresponding period last year. Net cash flows generated from operating activities reached HKD707 million, representing an increase of approximately 5.5% over the corresponding period last year. As at 30 September 2012, the Group's cash and cash equivalents amounted to approximately HKD2.69 billion, and net cash amounted to approximately HKD1.76 billion, representing a solid financial position.

Share repurchase and dividend payout adopted concurrently, continuously devoting internal resources to safeguard Shareholders' and Company's value

Taking into account the Group's development plans for the near future and in view of the solid financial position and abundant cash flow, the Board decided to declare an interim dividend of HK7.48 cents and a special dividend of HK2.48 cents, representing a total dividend payout ratio of 40%. Since the listing of the flavours and fragrances business, the Company has declared dividends of over HKD2.9 billion.

總裁報告 (續)

業務持續增長，扣除匯兌損益的影響後業績穩步增長，財務狀況穩健

截至二零一二年九月三十日止六個月，本集團實現銷售收入約港幣16.8億元，同比增長約10.4%。綜合毛利率約68.1%，比上一年度同期的約70.6%略為下降。營運盈利約港幣8.98億元，同比下降約3.3%。EBIT率約53.3%。在扣除本期的匯兌虧損約港幣1,593萬元及去年同期的匯兌收益約港幣5,252萬元後，營運盈利分別為約港幣9.14億元及港幣8.76億元，增長約4.3%。本公司權益持有人應佔盈利約港幣7.85億元，同比下降約3.7%，除匯兌損益前本期及去年同期的本公司權益持有人應佔盈利分別為約港幣8.01億元及港幣7.62億元，增長約5.0%。每股攤薄盈利為港幣24.85仙，同比下降約3.3%。營運活動產生之淨現金達到約港幣7.07億元，同比增長約5.5%。於二零一二年九月三十日，本集團現金及現金等價物達約港幣26.9億元，淨現金達約港幣17.6億元，財務狀況保持穩健。

股票回購和派息雙管齊下，不斷動用內部資源捍衛股東及公司的價值

考慮到本集團下一步的發展部署，結合穩健的財務狀況以及充裕的現金流，董事會決定派發本年度中期股息為每股7.48港仙，加派特別股息為每股2.48港仙，合共派息率達40%。自本集團的香精香料業務上市以來，已經向股東累計宣派超過港幣29億元的股息。

CEO's Statement (cont'd)

Meanwhile, upon the approval from Shareholders at the AGM held in August 2012, the Group's first Share repurchase program rolled out immediately. For the six months ended 30 September 2012, the Group had repurchased approximately 17.70 million shares from the market, amounting to approximately HKD74 million. In the financial year 2011-12 and the first half of this financial year, the Company has devoted a total of approximately HKD1.08 billion on dividend payout and share repurchases. The aforementioned have clearly demonstrated the management's confidence in the Company and its determination in safeguarding Shareholders' and Company's value!

Flavours segment continues to achieve steady growth

For the six months ended 30 September 2012, sales revenue of the Group's flavours segment amounted to approximately HKD1.40 billion, representing an increase of approximately 5.0% over the corresponding period last year. The PRC tobacco industry has entered into the post-consolidation era, the shift towards high-end cigarettes has moderated but remained intact. Having regard to core customers' various features and demand for flavours and taking into account the popularity of high-end and low-tar cigarettes, the Group actively developed new products and still managed a steady growth amid consumption growth in the whole tobacco industry has moderately slowed down. In respect of food and beverage sector, in view of the difficult business environment faced by small and medium-sized customers, the Group adhered to the "Big Customers, Big Brands" strategy and attracted key customers through products upgrading and technical services and realised steady growth through the development of natural and popular new products.

總裁報告 (續)

同時，在二零一二年八月份股東週年大會上得到股東的批准後，本集團的首個股票回購計劃立刻順利開展。截至二零一二年九月三十日止六個月，本集團已於市場上回購了約1,770萬股，涉及約港幣7,400萬元。在2011-12財年和本財年的上半年，公司累計動用了約港幣10.8億元於派發股息和股份回購。以上充分表明了管理層對公司的信心以及對捍衛股東及公司價值的決心！

食用香精香料板塊繼續穩步增長

截至二零一二年九月三十日止六個月，集團食用香精香料板塊實現銷售收入約港幣14.0億元，同比增長約5.0%。中國煙草行業進入後整合時代，捲煙高檔化的趨勢雖有所放緩但仍然繼續，集團針對核心客戶不同的發展特點以及對香精香料的需求，結合高檔煙以及低焦煙產品暢銷的市場局面，積極開發新產品，在全行業消費量增速略為降低的情況下，仍然取得了穩步增長。在食品以及飲料類方面，面臨中小客戶業務遭受沖擊的情況下，本集團堅持「大客戶、大品牌」策略，對重點客戶通過產品升級和技術服務進行深度挖掘，通過開發天然化、流行性的新產品，實現穩步增長。

CEO's Statement (cont'd)

RTL business development in full play

After acquiring Guangdong Jinye Group in November 2010, the Group has gradually built a solid strategic platform for its RTL business which will gradually become another growth driver for the Company. Guangdong Jinke production line, which has been undergoing continuous technical upgrades, has noticeably improved its product quality and customer structure being further enhanced. For the six months ended 30 September 2012, the Group's sales revenue from RTL segment reached approximately HKD196 million, representing an increase of approximately 77.1% as compared with the corresponding period last year. Operating profit reached approximately HKD60.48 million, representing a significant increase of approximately 259.3% from the corresponding period last year. Regarding the second phase of Guangdong Jinye production line, the Group is pleased to announce that equipment installation has completed and commercial trial production has been carried out smoothly. The target of the management is to commence relatively bigger scale of commercial production within this financial year. The management is satisfied with the growth momentum of the segment. During the reporting period, the Group acquired Zhejiang Xiangyuan at a total consideration of approximately HKD11,187,000. The Zhejiang Xiangyuan is principally engaged in research of certain production technique in a specialised RTL in China and has gained laboratorial achievements. The Group will then to commence trial operation and commercial production and promotion to follow.

Explore into new areas by ways of being open and innovative, new attempt in the new cigarette materials area smoothly underway

The management recognised that, as the tobacco industry entered into the post-consolidation era, the times when major tobacco groups and brands relied on mergers and integration to realise rapid growth had passed. Inter-brand competition was gradually elevated to focus on high quality, innovation, personalised products and services. In this respect, the Group has brought forward a new path to development, i.e. using the end market consumers as the pivot point, to effectively help customers to understand end users' needs; fully utilize Huabao's tobacco chemistry technology, cigarette flavouring technology, and technological advantages in both RTL and new cigarette materials; through key laboratories and brand laboratories, the Group will optimize the system integration of existing flavours and fragrances, RTL and new cigarette materials, strive to design and develop high quality products with market competitiveness and create higher value for our customers, so as to achieve win-win results and mutual development.

總裁報告 (續)

煙草薄片進入全面發展期

自二零一零年十一月收購了廣東金葉集團，本集團在煙草薄片業務上已逐步建立了一個堅實的戰略平台並將逐步成為集團另一增長引擎。廣東金科生產線在得到持續的技術改造下，產品質量得到進一步提高，客戶群亦得到進一步優化。截至二零一二年九月三十日止六個月，集團煙草薄片板塊的銷售收入達到約港幣1.96億元，同比增長約77.1%；營運盈利達約港幣6,048萬元，同比大幅增長約259.3%。在廣東金葉二期生產線方面，本集團欣然宣布，設備組裝已完成，並已順利進行商業試生產，管理層目標將於本財年內開始較大規模生產，管理層對板塊的發展勢頭感到滿意。期內，集團以港幣11,187,000元的總代價收購了浙江香緣，其主要在中國從事一項特種煙草薄片生產技術的研究，並已取得了實驗性成果。下一步集團將就此展開中試乃至進行商業化生產及推廣。

以開放、創新的方式積極拓展新的領域，捲煙新材料新嘗試順利推進

管理層留意到，隨著煙草行業進入後整合時代，主要煙草集團及品牌以整合方式實現快速增長的時期已經過去，品牌間之競爭亦已逐漸提升至高品質、創新、個性化及服務等方面。為此，集團提出了新的發展思路，以終端市場消費者為導向，真正幫助客戶了解終端客戶的需求；充分發揮華寶在煙草化學技術、捲煙調香技術、煙草薄片以及捲煙新材料的綜合技術優勢；通過重點實驗室、品牌實驗室等渠道，將現有的香精香料、煙草薄片以及捲煙新材料進行系統技術集成，為客戶設計及打造極具市場競爭力的高品質產品，為客戶創造更大的價值，實現雙贏和共同發展。

CEO's Statement (cont'd)

Currently, the registration of a subsidiary in Korea to manufacture specialised cigarette filters has been completed. Certain production equipment is gradually put in place and trial operation has started. Such company was able to produce a small scale of samples and positive feedback was received from customers. During the period, the Group also pursued other forms of cooperation, formed alliances with several domestic companies specialised in the research and production of new cigarette materials, so as to carry out joint research, manufacture and promote new cigarette materials' commercializing operations.

Effective adjustment to fragrances segment with profitability gradually recovering

The Group has commenced from last year to adjust the early development of its fragrances segment, mainly by way of streamlining the customer base and products of Xiamen Amber and increased efforts in managing operating funds of Yunnan Huaxiangyuan. For the six months ended 30 September 2012, sales revenue of the fragrances business of the Group amounted to approximately HKD92.62 million, representing an increase of approximately 8.4%. Segment operating profit amounted to approximately HKD5.85 million, representing a significant increase of 63.9% from the corresponding period last year, while segment operating profit margin recovered to approximately 6.3%. The management is satisfied with the early results of business streamlining and is confident that the sales and profitability will be further recovered in the future.

Using the end market consumers as the pivot point, continues to increase input into R&D and further enhances the overall technology advantages of technology integration

For the six months ended 30 September 2012, the R&D expenses of the Group amounted to HKD98,167,000, representing 5.8% of sales revenue as compared with 5.4% for the corresponding period last year. The Group continues to increase input into R&D, especially in four aspects namely, new products, new technology, new materials and new workmanship. Through joint laboratories or brand laboratories, the Group can carry out face-to-face communications and collaboration with customers, so as to effectively understand their needs; by utilizing the Group's overall technological advantages, the Group is able to provide customers with innovative products development and service, and offer proper and precise technical support to the Group's marketing department.

總裁報告 (續)

目前，集團於韓國的特種煙用過濾咀棒附屬公司已經註冊完成，部份生產設備逐步到位並進行安裝調試，該公司已開始少量樣品的試生產，客戶反映良好。期內，集團還不斷尋求各種合作的方式，與國內幾家研究以及生產捲煙新材料的公司進行合作，旨在共同研發、生產以及推廣捲煙新材料的商業化運作。

日用板塊調整順利，盈利能力逐步回升

集團自去年開始對日用板塊前期的發展進行調整，主要對廈門琥珀的客戶及產品進行梳理，及加強對雲南華香源的運營資金管理。截至二零一二年九月三十日止六個月，本集團實現日用香精香料銷售收入約港幣9,262萬元，同比增長約8.4%；板塊營運盈利達到約港幣585萬元，同比大幅增長約63.9%，板塊營運盈利率回升至約6.3%。管理層對業務梳理初見成效感到欣慰，而且對未來進一步恢復銷售及盈利能力充滿信心。

以終端市場為導向，不斷加大研發投入，進一步提升技術集成的整體技術優勢

截至二零一二年九月三十日止六個月，本集團的研發費用為港幣98,167,000元，佔銷售收入的比重由去年同期的5.4%上升至5.8%。集團繼續加大在科研投入，尤其是新產品、新技術、新材料和新工藝四個方面的探索與研究。通過聯合實驗室或品牌實驗室，與客戶進行面對面的交流和共同工作，真正了解客戶需求；結合集團的整體技術優勢，為客戶提供創新型的新產品開發與服務，為整個集團市場營銷部門提供及時到位的技術支撐。

CEO's Statement (cont'd)

New domestic operation headquarter of the Group soon to be completed, operation efficiency to be improved

Besides streamlining various business segments, the Group also made efforts to improve the efficiency of its management team in order to be well-prepared for future developments. Since last year, the Group has committed itself to fine-tuning its internal human resources, management structure, KPI, etc, as well as further outlined growth targets for each segment, and applied a new incentive program for middle and senior management team in order to maintain management team's competitive edge. In addition, the Group's new domestic operation headquarter is expected to be in full operation early next year. The new headquarter has referenced to international enterprises' concepts, to improve the facilities of the existing office building and to group key departments and major management teams into one place, and with the implementation of an advance cloud terminal system, which will help further elevate management efficiencies.

Operating environment and prospects

Amid ongoing economic uncertainties from domestic and abroad at present, enterprises shall firmly grasp on their own businesses and operate businesses with great care. With new businesses led by the RTL will be seeing appealing progress in the second half of this financial year, the management takes a prudent and positive attitude towards the prospects of the full year; adhering to the development strategy of "multi-pronged, focus growth" and integrated core value chain, the management will leverage on its core flavours and fragrances business, continue to push for full-gear development of the RTL and new cigarette materials; further increase input on R&D, by leveraging on the Group's overall competitive edge in respect of management, technology, products and services, the Group will strategically develop itself from a simple flavours and fragrances company into a company which is able to integrate technology and provide product supply chain management service to its customers, to gradually construct a multi-engine and sustainable growth momentum, in order to create more values and rewards for Shareholders!

LAU Chi Tak
CEO

Hong Kong, 19 November 2012

總裁報告 (續)

新的集團國內營運總部將近落成，將有效提高管理運營水平

除了對各業務板塊的梳理，本集團亦同樣著重管理團隊自身的效率提升，為未來業務發展作好準備。本集團從去年開始推動了內部人力資源整頓、管理架構優化及KPI指標調整等工作，進一步落實業務板塊的增長目標；對中高層管理團隊實施新的薪酬激勵機制，使管理團隊價值得以保持競爭優勢；另外，集團位於國內的新集團營運總部預計在明年初可以全面投入運作。新總部參考了國際企業的構思概念，在目前辦公樓基礎設施上作改善提升，將集團各個核心部門及主要管理團隊集中一處，並採用先進的雲終端辦公系統，有利於進一步提高管理效率。

經營環境及展望

目前國內國外經濟及經營環境未見明朗，企業理應緊守崗位，審慎經營。管理層對全年營運前景持謹慎樂觀態度的同時，相信下半年隨著以煙草薄片為主的新業務會有進一步可觀的發展。管理層將堅持同心多元化及核心產業鏈的發展策略，以香精香料業務為核心，繼續在煙草薄片和捲煙新材料的投入和發展，進一步加大研發力度，發揮集團在管理、技術、產品和服務上的綜合優勢，從單一的香精香料公司，逐漸戰略性轉型為一集合技術集成、為客戶提供產品供應鏈管理的公司，逐步打造多引擎的長期增長動力，為股東創造更大的價值和回報！

劉志德
總裁

香港，二零一二年十一月十九日

Management Discussion and Analysis

BUSINESS REVIEW

Review of Flavours Business

For the six months ended 30 September 2012, sales revenue of the Group's flavours business amounted to HKD1,395,281,000, representing an increase of approximately 5.0% over HKD1,329,273,000 for the corresponding period last year. The operating profit of flavours segment reached HKD843,437,000, representing a decrease of approximately 7.5% over the corresponding period last year; the EBIT margin was approximately 60.4%. Growth in flavours business has slowed down, which was mainly due to industrial restructuring factors, including further slowdown of the tobacco industry consolidation and adjustment based on food flavours industry and food additives industry post food safety problems. Such decline in the operating profit and EBIT margin of the segment was mainly due to the increase in the ratio of R&D expenses to sales, the lower RMB exchange rate had caused exchange loss which led to a significant decrease in other income, and increase in administrative expenses associated with the implementation of a new employee incentive program by the Group, ect..

In respect of the tobacco business, the sales and production of China tobacco industry has seen a steady growth, with cigarette consumption structure continues to elevate. Major brands development momentum is sound. According to TobaccoChina Online, production output of the domestic tobacco industry amounted to approximately 26 million cases in the first half of 2012, representing an increase of about 1.9% over the corresponding period last year; industry cigarette sales reached 26.30 million cases, representing a growth of 2.8% over corresponding period last year; industrial and commercial profit tax reached approximately RMB480 billion, representing a year-on-year growth of approximately 17.7%. The management is of the view that as the tobacco industry entered into the post-consolidation era, for all major brands, the period of rapid growth through mergers and integration has ended, and focus of competition is gradually shifting to premium quality, innovation, personalisation and services.

In light of the development of the cigarette market, the Group has proposed a new development direction, to promote business upgrading and innovation, from a singular business model of solely focusing on flavours and fragrances products, gradually shift to the research and integration of technical elements of a cigarette as a whole. Also, technology integration to the system will be performed by various aspects, such as upgrades in flavours and fragrances, upgrades in flavours application, RTL products, functional cigarette filters and new cigarette raw materials, so as to provide customers with a series of systematic technology solutions.

管理層討論及分析

業務回顧

食用香精香料業務回顧

截至二零一二年九月三十日止六個月，本集團食用香精香料銷售收入為港幣1,395,281,000元，較去年同期的港幣1,329,273,000元增長了約5.0%。食用香精香料的板塊營運盈利達港幣843,437,000元，同比下降約7.5%；EBIT率約60.4%。食用香精香料的增長速度有所放緩，主要是由於行業結構調整因素，包括煙草行業整合進一步放緩以及中國食品飲料行業以及食品添加劑行業安全風波後整合調整所造成。板塊營運盈利及EBIT率下降的主要原因是由於研發費用所佔銷售收入比重的增加，人民幣匯率偏軟引致匯兌損失而使到其它收益大幅下跌，以及集團實施新的員工激勵機制使管理費用有所增加等因素所致。

在煙用業務方面，中國煙草行業捲煙產銷量平穩增長，捲煙消費結構持續提升，行業重點品牌發展態勢良好。據《煙草在線》資料顯示，二零一二年上半年中國煙草行業的產量達約2,600萬箱，同比增長約1.9%；行業累計完成捲煙銷量約2,630萬箱，同比增長2.8%；實現工商利稅約人民幣4,800億元，同比增長約17.7%。管理層理解，由於煙草行業進入後整合時代，各主要品牌以整合方式實現快速增長的時期已經過去，品牌間之競爭亦已逐漸提升至高品質、創新、個性化及服務等方面。

針對捲煙行業的發展情況，集團提出了新的發展思路，推進業務模式的升級和創新。從之前的香精香料單一產品模式，逐步轉向從整支煙的角度進行技術元素研究和集成；從香精香料產品升級、添加工藝的升級、煙草薄片產品、功能化煙用過濾嘴棒、新型捲煙原料等多方面進行系統的技術集成，為客戶提供一籃子的系統技術解決方案。

Management Discussion and Analysis (cont'd)

In order to stay close to the market and identify consumers' needs, the Group has set up a market planning and strategic research department. At the same time, through the joint laboratories or brand joint laboratories jointly established with certain key customers, to conduct in-depth communications and joint researches so as to effectively understand their needs. Through the integration of above two elements, the Group has set up a business model which is oriented toward end users' market and provides systematic technology solutions, resulting in the ability to launch innovative products continuously, so as to realise mutual growth with our customers.

On the other hand, the management has been closely monitoring smoking control activities in China and its negative impacts which may impose on the industry. In the past several decades, the development trend of cigarettes worldwide has favored cigarettes that are of low tar and less harmful content. The management is aware that, Chinese tobacco companies have strategically placed their focuses on such low tar and less harmful content cigarettes. Low tar (6 mg or 8 mg) cigarettes and ultra-low tar (3 mg) cigarettes emerge in recent years and a wide array of low tar products have been introduced in the market. However, when pursuing towards low tar, it may lead to serious defects such as lack of flavours and overly dryness. As a result, developing low tar cigarettes with flavours and moisture reinforcement remains an urgent issue to be solved, which has presented Huabao, one of the leading enterprises in flavours and fragrances, an opportunity. The Group will make use of its core technological advantages in flavours and fragrances to bring in innovative change in traditional flavours application method, to maintain the release of flavours in cigarette accessory materials evenly so as to retain the longevity of flavours. In addition, Huabao will combine the application of functional RTL and new cigarette materials to achieve favorable results. That will become a new competitive edge and growth driver for the Group's flavours business.

In respect of food and beverage, due to the slowdown of the domestic economy and the long-term recession of the European and U.S. economies, resulting in weaker exports of the domestic food enterprises, local small and medium-sized food enterprises ("SMEs") have been involved in a fierce price war in the mid-to-low end market with a view to obtaining short-term benefits from lower prices, SMEs were facing challenging economic conditions. After experiencing a series of safety incidents, the Chinese government has implemented increasingly stringent regulations on the entire food industry, resulting in domestic SMEs being forced to adjust their marketing strategies by slowing down the pace of development of new products, and delay launching of new products, this resulted

管理層討論及分析 (續)

在市場方面，成立了市場策劃與戰略研究部門，進一步貼近市場，發掘消費者需求；又通過與一批重點客戶建立的聯合實驗室或品牌聯合實驗室，與客戶進行深入的交流和共同研發，真正了解客戶需求。上述兩方面的結合，實現了以終端市場為原動力，以提供系統技術解決方案為業務模式，不斷推出創新性的新產品，實現和客戶共同增長。

另一方面，管理層一直高度關注國內一系列的控煙活動以及其可能對行業帶來的負面影響。近幾十年世界煙草的發展方向，仍然是向低焦油低危害的方向發展。據管理層所知，各中煙公司都把開發低焦油低危害捲煙放在戰略地位，而且近幾年低焦油捲煙（6毫克、8毫克捲煙）及超低焦油捲煙（3毫克捲煙）不斷湧現，形成一系列的低焦油產品。但在追求低焦油過程當中，容易造成捲煙吸食品質上明顯存在香氣不足和干燥感嚴重等缺陷。為此，低焦油捲煙增香保潤成為了當前急需解決的問題，這對於華寶作為一個香精香料的領軍企業是一個契機。集團將運用自身在香精香料方面的核心技術優勢，突破傳統的香精應用工藝，保持香精在捲煙輔材中的均勻釋放，保持香精留香時間的長久性；同時，華寶還將接合功能化煙草薄片和捲煙新材料的應用，達到良好的應用效果，而這些也將成為集團香精業務新的競爭力增長點。

在食品及飲料業務方面，受累於國內經濟增長放緩以及歐美經濟長期不振，導致國內食品企業對外出口疲弱，國內中小食品企業在中低檔市場開展了激烈的價格戰，以低價格換來短期效益，中小企業經營環境嚴峻；在經歷了一連串的安全事故風波後，中國政府對整個食品行業的監管日趨嚴格，使得本地中小食品企業調整營銷策略，新品開發速度放緩，延緩新品上市期，導致國內中小食品企業對香精香料的需求放緩。例如，鹹味香精和乳化相關行業進入了調整期。本集團長期發展「大客戶、大品牌」策略，把握時機將客戶群及其業務進行梳理，

Management Discussion and Analysis (cont'd)

in a slow down on the demand of flavours and fragrances from SMEs. For example, the savory flavours and dairy-related industry has entered a period of adjustment. The Group continued to pursue the long term development strategy of "Big customers, Big brands" and took advantage of the opportunity to sort out the customers base and its business, while seeking more business opportunities from core customers through product upgrades and technical services. For example, Huabao Kongque has pursued greater development of sweetened pear and tomato flavours food series which received favorable market response in recent years. Besides developing business, the Group has also increased efforts in the integration of previous acquisitions to further enhance product values and competitiveness in order to realise steady growth.

Review of Fragrances Business

For the six months ended 30 September 2012, sales revenue of the Group's fragrances business amounted to HKD92,619,000, representing an increase of approximately 8.4% over HKD85,409,000 for the corresponding period last year, representing approximately 5.5% of the total revenue of the Group. Operating profit of the fragrances segment reached HKD5,848,000, representing a substantial increase of approximately 63.9% from that of the corresponding period last year. EBIT margin was approximately 6.3%, representing a recovery from 4.2% in the corresponding period last year. The Group has commenced from last year to adjust the early development of its fragrances segment, mainly by way of streamlining the customer base and products of Xiamen Amber and increased efforts in managing operating funds of Yunnan Huaxiangyuan. Consequently, the sales and profitability of the fragrances segment recovered gradually.

Since last year, the export situation of China's daily chemical product industry has been critical, while safety concerns aroused by a series of incidents, including the plasticizer, had brought direct negative impact on consumption of skincare products made in China. Therefore, the fragrances business of Xiamen Amber was adversely affected to some extent. Under this tough situation, the management reacted proactively by adjusting the business, capitalizing on its advantage in aromatic and pesticide products, and securing relatively stable orders from existing large customers. In addition, business growth was further driven by the satisfactory growth in export sales to certain south east Asian markets. In regards to gross profit margin, the profit margin of fragrances segment improved slightly which was mainly attributable to the general downward trend of the prices of raw materials.

管理層討論及分析 (續)

對重點客戶通過產品升級和技術服務進行深度挖掘。例如，華寶孔雀大力發展近年市場歡迎的冰糖雪梨及番茄味食品系列；在發展業務外，亦同時加大以往收購項目的整合力度，進一步提升產品價值及其競爭力，努力實現了穩步增長。

日用香精香料業務回顧

截至二零一二年九月三十日止六個月，本集團日用香精香料銷售收入為港幣92,619,000元，較去年同期的港幣85,409,000元增長了約8.4%，佔整個集團的收入約5.5%。日用香精香料的板塊營運盈利達港幣5,848,000元，同比大幅增加約63.9%；EBIT率約為6.3%，同樣比去年同期的4.2%水平有所回升。集團自去年開始對日用板塊前期的發展進行調整，主要對廈門琥珀的客戶及產品進行梳理和加強對雲南華香源的運營資金管理，板塊銷售及盈利能力逐步回升。

自去年以來，中國日化行業出口局勢嚴峻，而「塑化劑」等安全事故又直接影響到國產護膚類產品的消費。受此影響，廈門琥珀的日用香精香料業務受到一定的負面影響。管理層積極應對，調整業務，發揮自身在熏香和消殺領域的產品優勢，從現有大客戶中得到相對穩定的訂單；加之對部份東南亞市場出口的銷售增長理想，亦有效帶動了業務的增長。毛利率方面，原材料整體價格稍有下降趨勢，使得板塊盈利率均穩中有升。

Management Discussion and Analysis (cont'd)

The management is aware that, along with improving standard of living, consumers have become more concerned about the themes of "green living", "environmental protection" and "low carbon". Product development trend has gradually shifted from the traditional fragrance-based concept to the increasingly popular "natural" concept. In the future, fragrances segment will focus mainly on the two major markets of aromatic and pesticide products. The Group will strengthen cooperation with domestically leading enterprises, develop and provide relevant auxiliary services, and ensure product quality and safety, in order to improve market share. Meanwhile, the Group will also develop the aromatic raw materials with unique features to enhance its competitiveness and diversify its products.

Review of RTL business

For the six months ended 30 September 2012, sales revenue of the Group's RTL business reached approximately HKD196,142,000, representing a significant increase of approximately 77.1% as compared to HKD110,769,000 for the corresponding period last year, representing approximately 11.6% of the total revenue of the Group. Operating profit of RTL segment reached approximately HKD60,482,000, representing a significant increase of approximately 259.3% from the corresponding period last year. EBIT margin was approximately 30.8%. The increase in sales revenue and operating profit of RTL segment was mainly attributable to the increase of product prices due to the significant results received by workmanship upgrade and product optimization for the production line of Guangdong Jinke.

In the first half of the year, China's tobacco industry has further promoted the progress of reducing tar and harmful content. The sale of cigarette products with tar content below 8 mg in each cigarette has doubled as compared with the same period of the previous year, and the percentage of such products to total domestic tobacco products increased by 6 percentage points to 12.3%. The fast growth of low-tar products was mainly attributable to the implementation of the government campaign to reducing tar and harmful content of cigarettes. The State Tobacco Monopoly Administration ("STMA") announced earlier this year that, from 1 January 2013, cigarettes containing 11 mg or more of tar each are not allowed to be sold in China. (Source: TobaccoChina Online) This is another definitive timetable set by the STMA following the first round of targets announced back in 2010. This indicates that the government of PRC has steadily stepping up its efforts in reducing tar and harmful content in the long term. The trend of tar and harmful content reduction in the tobacco industry and measures therewith is expected to pave ways for greater development of the RTL industry.

管理層討論及分析 (續)

管理層留意到，隨著生活水平的提高，消費者越趨關注「綠色」、「環保」及「低碳」等主題，產品的流行趨勢在傳統香型的基礎上有所變化，「天然概念」逐漸成為新一輪發展概念。日用香精香料板塊未來將主要鞏固熏香及消殺兩大市場，集中與國內領先的企業加強合作，開發和提供相關配套服務，以保障品質安全，從而提高市場佔有率；開發具有獨特優勢的香原料產品品種以提高自身競爭能力，增強產品差異化。

煙草薄片業務回顧

截至二零一二年九月三十日止六個月，本集團煙草薄片銷售收入為港幣196,142,000元，較去年同期的港幣110,769,000元大幅增長了約77.1%，佔整個集團的收入約11.6%。煙草薄片的板塊營運盈利達港幣60,482,000元，同比大幅增加約259.3%；EBIT率約為30.8%。煙草薄片的板塊收入和營運盈利的大幅增加主要是由於廣東金科生產線的工藝改造和產品優化，取得了明顯的效果帶來產品售價的提高所致。

上半年，中國煙草行業進一步推進減害降焦進程；每支焦油含量在8毫克或以下的捲煙產品同比增長超過一倍，而佔全國捲煙產品比重亦提高了6個百分點至12.3%。低焦產品增長快速，主要受惠於國家近年推動的減害降焦政策。按國家煙草專賣局於本年初公告，於二零一三年一月一日起，每支焦油含量在11毫克或以上的捲煙產品不得在境內市場銷售（資料來源：煙草在線）。這是繼國家煙草專賣局於二零一零年訂下首輪目標後，再次訂出的一個明確時間表，可見中國政府對煙草行業長期的減害降焦工作正有序推進；煙草行業減害降焦的趨勢及措施勢必將為煙草薄片行業開闢了更大的市場空間。

Management Discussion and Analysis (cont'd)

In respect of RTL supply, the management understands that many industry players have identified RTL as a priority project and aims to expand existing production facilities or add new facilities. The management expects that, as the RTL capacity rapidly grows in the next several years, competition within the market is slated to become more aggressive. The Group shall increase its input and pick up its pace in order to gain market share, through its comprehensive edge of products and technology, as well as the overall ability in technology integration, using the end market as a motivation to develop premium products for customers, so as to assure expansion of market share and elevation of pricing power.

During the reporting period, the Group through technology upgrading and product optimization for the production line of Guangdong Jinke, achieved significant results as evidenced by improved quality of its products. As far as R&D and innovation is concerned, the Group has established 6 departments, namely, Workmanship Technology Department, Workmanship & Equipment Department, New Technology R&D Department, Product Development Department, Technology Management Department and Analysis Department, covering most of the technical fields of RTL's R&D and manufacturing, and thereby Guangdong Jinye has become, among domestic peers, one of the professional research institutions with comprehensive business departments, comprehensive disciplines and R&D abilities. At present, Guangdong Jinke, benefiting from technology upgrade and customer base optimization, has improved the quality of its products and obtained higher average selling prices, and gradually penetrated into certain major brands of domestic major tobacco group and earned wide recognition from its clients. More importantly, the management is aware that, since the general workmanship of RTL in China's tobacco industry is still relatively behind that of international peers, and that the overall supply of premium RTL falls short of demand, the management is glad to expect that future room for China RTL market development is big. The management is satisfied that Guangdong Jinke's mid-and-high end RTL products are recognised by its customers, and believes it will lay a solid foundation for the future development of second phase of Guangdong Jinye production line.

At present, the second phase of Guangdong Jinye 20,000-ton RTL production line has commenced trial production. As a domestic RTL production line that is of international leading standards, the second phase of Guangdong Jinye production line will effectively improve the physical quality, sensory quality and functional features of RTL products through paper-making method, and plays a significant role in lowering tar and harmful content, enhancing flavours and retaining moisture as well as improving cigarette quality. Currently, the trial products produced by the second phase production line have gained recognition from its customers and sales orders are on pace. According to the management's development target, the second phase production line will reach its full capacity in the year of 2013.

管理層討論及分析 (續)

在煙草薄片的供應方面，據管理層了解，各中煙公司紛紛將煙草薄片列為重點項目，進行擴產或新建。管理層感到，隨著未來幾年後煙草薄片產能將會迅速擴張，行業的競爭勢必加劇，集團必須加大投入加緊步伐佔領市場份額，只有通過產品及技術的綜合優勢和全方位的技術集成能力，以終端市場為原動力，為客戶開發優質產品，才能確保市場份額的擴大和定價能力的提升。

報告期內，集團通過對廣東金科生產線的工藝改造和產品優化，取得了明顯的效果，其產品質量有所提升；而在研發及創新工作上，本集團已經成立了工藝技術部、工藝裝備部、新技術研究部、產品開發部、科技管理部及分析檢測部等6個部門，基本涵蓋了煙草薄片研發與生產的各個技術領域，是國內同行業中門類較齊全、學科較全面、研究較深入的煙草薄片專門科研機構之一。目前，廣東金科生產線經技術改造及客戶群優化後，產品質量及平均售價得以提高，並已逐漸打進國內主要煙草集團的部份主要品牌，獲得了客戶的好評。更重要的是，管理層注意到，由於中國煙草薄片行業整體工藝水平與國際同行仍然有相當大的差距，高端煙草薄片市場處於供不應求的狀態，管理層欣然認為中國煙草薄片行業未來發展空間巨大。管理層對客戶認同廣東金科生產線的中高端煙草薄片產品感到振奮，同時亦給予未來廣東金葉二期生產線的發展打下堅實的市場基礎。

現時，廣東金葉二期20,000噸煙草薄片生產線已全線帶料試產。作為國內一條具有國際先進水平的煙草薄片生產線，二期生產線將有效提高造紙法煙草薄片的物理質量、感官質量和功能特性，充分發揮造紙法煙草薄片在減害降焦、增香保潤和提升捲煙品質等方面的作用。目前，二期生產線試生產的產品得到客戶的認可，訂單進度良好。根據管理層的發展目標，二零一三年將會是二期生產線全面達產之年。

Management Discussion and Analysis (cont'd)

In addition, the master planning of 10,000-ton RTL production line of the Huangguoshu Jinye, a joint venture with China Tobacco Guizhou Industrial Co., Ltd., has completed, and the technical team is currently busy concentrating on the key workmanship design of the project. Secondly, the RTL production line of China Tobacco Anhui is currently under installation. The Group, by way of technical cooperation to the production line, will apply its leading-edge technology to assist in the completion of the trial production and product development. The Group is satisfied with the current development in all aspects of the RTL segment.

In addition, during the reporting period, Guangdong Jinye entered into a sale and purchase agreement with independent third parties to acquire a 100% equity interests in Zhejiang Xiangyuan for a cash consideration of approximately HKD6,133,000 and liabilities assumed of approximately HKD5,054,000. The acquisition was completed on 30 June 2012. Zhejiang Xiangyuan is principally engaged in research of certain production technique in a specialised RTL in China and has gained laboratorial achievements. The management considers that such experimental achievements are the core values of such acquisition. The total acquisition consideration of approximately HKD11,187,000 ("Acquisition Consideration") has reflected the management's commercial assessment of Zhejiang Xiangyuan's then R&D achievements and values. Through the acquisition, the Group will further the research based on the research achievements of Zhejiang Xiangyuan, and as a platform for the Group to commence trial operation and commercial production and promotion to follow.

At the same time, the production line and related facilities of Zhejiang Xiangyuan will be relocated and the related production operations will be taken place within Guangdong Jinye as the Group considered that the R&D environment of the Group is superior to Zhejiang Xiangyuan's in terms of technology support, industrial production and management and protection of know-how. In addition, the vendors signed a non-competition undertaking that they would refrain from, among others, engaging or investing in (or assist in engaging or investing in) tobacco and RTL related business within 15 years from the date of the completion of the acquisition. Further, pursuant to the sale and purchase agreement, the equity interests of Guangdong Jinye in Zhejiang Xiangyuan will be sold back to the designated vendors at a nominal consideration of RMB1 (the "Sale Back") within approximately three years from the date of the completion of the sale and purchase agreement; such Sale Back arrangements has been reflected in the Acquisition Consideration. For complementary information and financial data regarding the acquisition of Zhejiang Xiangyuan, please refer to Note 20.

管理層討論及分析 (續)

另外，與貴州中煙工業有限責任公司聯營的黃果樹金葉10,000噸煙草薄片生產線的總體規劃工程已經完成，技術團隊目前正埋首於關鍵的工藝設計工程。其次，安徽中煙煙草薄片生產線的工程已經進入安裝階段。本集團作為該生產線的技術合作方，將以業內領先的技術水平協助完成該生產線的調試及產品開發工作。本集團對煙草薄片板塊目前各方面的發展感到滿意。

此外，期內廣東金葉與獨立第三方簽署買賣協議，以現金代價約港幣6,133,000元及承擔債務約港幣5,054,000元收購浙江香緣的100%權益，該收購已於二零一二年六月三十日完成。浙江香緣主要在中國從事一項特種煙草薄片生產技術的研究，並已取得了實驗性成果。管理層認為該等實驗性成果乃本收購的核心價值所在，收購代價總額約港幣11,187,000元（「收購代價」）乃管理層對浙江香緣當時的研究成果和價值的商業評估。通過該收購，本集團將在浙江香緣研究成果的基礎上進行進一步研究，以作為本集團的平台，並展開中試乃至進行商業化生產及推廣。

同時，浙江香緣的生產設施和相關設備及營運將會移師至廣東金葉進行，此乃考慮到本集團的研發條件及環境，包括技術支援、工業生產及管理條件與絕巧保密均優於浙江香緣。另外，出讓方亦已簽署不競爭承諾：不得（其中包括）於完成收購日起計十五年內從事或投資（或協助從事或投資）煙葉及煙草薄片相關產業。再者，按買賣協議，廣東金葉於浙江香緣的權益將在完成買賣協議日起計約三年內，以人民幣一元象徵式代價賣回給指定出讓方（「售回」）；此售回安排已在收購浙江香緣時反映在收購代價內。關於收購浙江香緣的輔助資料及財務數據，請參考附註20。

Management Discussion and Analysis (cont'd)

New cigarette materials updates

The management noted that, as the tobacco industry entered the post-consolidation era, the landscapes of remaining major tobacco enterprise groups and brands gradually became clear. Inter-brand competition was gradually elevated to focus on high quality, innovation, personalised products and services. Having perceived the development potential, Huabao started to conduct research and development on new cigarette materials a few years ago. Currently, the registration of a subsidiary in Korea to manufacture specialised cigarette filters has been completed. Certain production equipment is gradually put in place and trial operation has started. Such Company was able to produce a small scale of samples and positive feedback was received from customers. For the R&D of new cigarette materials, the Group is working on new technologies such as cigarette filters using environment-friendly plant fiber as raw materials and applying restructured tobacco powder as tobacco combustion materials, mainly designed to assist customers to develop customised tobacco products with features and functionality in order to match the future trend of the tobacco market. During the period, the Group also pursued other forms of cooperation, formed alliances with several domestic companies specialised in the research and production of new cigarette materials, so as to carry out joint research, manufacture and promote new cigarette materials' commercializing operations.

R&D and Innovation capability

The Group has a leading R&D platform in the China's flavours and fragrances industry and an international-calibre R&D team. With a State-recognised technical centre in Shanghai, a national post-doctorate scientific research workstation, a designated RTL production and R&D base in Shantou, Guangdong province which is authorised by the STMA, joint laboratories setup established with major tobacco enterprises, an overseas R&D centre in Germany and a professional R&D team consisting of top talents from China and abroad, the Group has maintained a leading position among its domestic peers.

In terms of input into R&D, for the six months ended 30 September 2012, the Group's R&D expenses accounted for approximately 5.8% of sales revenue, it was slightly increased as compared with approximately 5.4% of the corresponding period of last year. The increase in R&D expenses elevated the Group's strength of sustained innovative capability.

In terms of flavours, the Group has applied for a number of patents, notably "A Method to Treat Stem with Ozone", "A Method to Reduce the Carbohydrate Content in Tobacco Leaves with Functional Liquid", "A Method to Re-extract Tobacco Flavour from the Waste of Cigarette Production", "A Method to Reduce Total Carbohydrate Content in Tobacco Leaves and its Applications" and "A Method to Prepare Ethanol by the Fermentation of Tobacco Leaves as Raw Materials", etc. With the above patents, the Group developed a number of new products which are well received by the customers and the market.

管理層討論及分析 (續)

捲煙新材料的最新發展

管理層留意到，隨著煙草行業進入後整合時代，主要煙草集團及品牌亦已逐漸明朗化。品牌間之競爭亦已逐漸提升至高品質、創新、個性化及服務等方面。華寶數年前已洞察到其中契機，開始對捲煙新材料的研發。目前，集團於韓國的特種煙用過濾咀棒附屬公司已經註冊完成，部份生產設備逐步到位並進行安裝調試，該公司已開始少量樣品的試生產，客戶反應良好。在捲煙新材料領域的研發方面，本集團目前正開展包括以環保植物纖維為原材料的煙用過濾咀棒及以煙草粉末重組的煙葉助燃材料在內的新技術，以協助客戶開發應對未來煙草市場趨向定制化、特色化及功能性的煙草產品。期內，集團還不斷尋求各種合作方式，與國內幾家研究以及生產捲煙新材料的公司進行合作，旨在共同研發、生產以及推廣捲煙新材料的商業化運作。

研發和創新能力

本集團擁有中國香精香料行業領先的研發平台和具有國際經驗的研發團隊。位於上海的國家級企業技術中心、國家級博士後科研工作站、位於廣東汕頭的國家煙草專賣局認定煙草薄片生產及研發基地、與大型煙草企業組建的聯合實驗室、以及位於德國的海外研發中心和一支具有國內外豐富經驗人員組成的研發團隊，在國內同行中保持領先水平。

在研發投入方面，截至二零一二年九月三十日止六個月，研發費用佔銷售收入比重約5.8%，比去年的比例約5.4%略為上升。研發費用的增加加強了集團的持續創新能力。

在食用香精香料方面，集團已申請了多項專利，重點包括《一種用臭氧處理梗絲的方法》、《一種利用功能液降低煙葉中糖類物質含量的方法》、《一種從捲煙生產廢棄物中回收煙用香精的方法》、《一種降低煙葉總糖含量的方法及其用途》及《一種以煙葉為原料發酵制備乙醇的方法》等，並以此開發出多個新產品，深受客戶好評，市場反應良好。

Management Discussion and Analysis (cont'd)

In respect of RTL, the Group focused on the development of Chinese style cigarettes, actively launched original innovations and integrated innovations in the RTL field and upgraded its technology research function to become professional, systematic, forward looking and advanced. At present, the Company owns 13 core patents and developed over 20 innovative and key technologies sorted in 9 categories, which have leading positions in China and some are of international advanced level in terms of innovative and critical technologies.

As to quality control, the Group has introduced high-end analytical and scientific research facilities and established cooperation with international caliber scientific enterprises, i.e. established a joint laboratory with U.S. Waters, which enhanced the capacity for development of aromatic raw materials, new tobacco technology and process, integration of innovative aromatic raw materials and analysis and identifying new aromatic raw materials, as well as self-assessment of the safety of new products. The Group also set up a safety assessment department, which collects information relevant to the safety of flavours and fragrances and research data on various flavours with potential hazards released by international organizations, so as to provide intelligence and issued warnings with a view to ensure the Group's products is in line with international and domestic standards.

BUSINESS PROSPECTS

Amid ongoing economic uncertainties from domestic and abroad at present, enterprises shall firmly grasp on their own businesses and operate businesses with great care. With new businesses led by the RTL will be seeing appealing progress in the second half of this financial year, the management takes a prudent and positive attitude towards the prospects of the full year; adhering to the development strategy of "multi-pronged, focus growth" and integrated core value chain, the management will leverage on its core flavours and fragrances business, continue to push for full-gear development of the RTL and new cigarette materials; further increase input on R&D, by leveraging on the Group's overall competitive edge in respect of management, technology, products and services, the Group will strategically develop itself from a simple flavours and fragrances company into a company which is able to integrate technology and provide product supply chain management service to its customers, to gradually construct a multi-engine and sustainable growth momentum, in order to create more values and rewards for Shareholders!

管理層討論及分析 (續)

在煙草薄片方面，集團緊緊圍繞中式捲煙發展，積極開展煙草薄片多領域技術的原始創新和集成創新，推動技術研究走向「專業性、系統性、前瞻性、領先性」。目前，集團擁有核心專利13項，形成了九大類二十多項具備國內領先、部份具有國際先進水平的創新技術和關鍵性技術。

在品控方面，本集團引進高端分析檢測和科研設備，與國際級水平的科技企業建立合作機制，如已經與美國沃特斯建立了聯合實驗室，增強新型香原料的開發能力，煙草新技術新工藝的開發能力，創新型香原料的合成能力，新型香料的分析與識別能力，新產品安全性自主評價能力等；同時建立了安全性評估部門，對香精香料的安全性、國際組織對各種存在風險性的香精香料相關研究資料進行收集，提供情報和預警，確保本集團產品符合國際和國內的相關標準。

業務展望

目前國內國外經濟及經營環境未見明朗，企業理應緊守崗位，審慎經營。管理層對全年營運前景持謹慎樂觀態度的同時，相信下半年隨著以煙草薄片為主的新業務會有進一步可觀的發展。管理層將堅持同心多元化及核心產業鏈的發展策略，以香精香料業務為核心，繼續在煙草薄片和捲煙新材料的投入和發展，進一步加大研發力度，發揮集團在管理、技術、產品和服務上的綜合優勢，從單一的香精香料公司，逐漸戰略性轉型為一集合技術集成、為客戶提供產品供應鏈管理的公司，逐步打造多引擎的長期增長動力，為股東創造更大的價值和回報！

Management Discussion and Analysis (cont'd)

FINANCIAL REVIEW

Analysis of interim results for the six months ended 30 September 2012

Sales revenue

The Group's sales revenue amounted to HKD1,684,042,000 for the six months ended 30 September 2012, representing an increase of 10.4 % as compared with HKD1,525,451,000 for the corresponding period last year. The continuous growth in the sales revenue was mainly attributable to the increases in the sales of flavours, fragrances and RTL. For the six months ended 30 September 2012, sales revenue from flavours increased by 5.0% to HKD1,395,281,000; sales revenue from fragrances increased by 8.4% to HKD92,619,000; and sales revenue from RTL increased by 77.1% to HKD196,142,000.

Cost of goods sold

The Group's cost of goods sold amounted to HKD536,954,000 for the six months ended 30 September 2012, representing an increase of 19.5% as compared with HKD449,229,000 for the corresponding period last year. Except for the reason of increase in sales revenue, the increase in cost of goods sold was mainly attributable to the decrease in overall gross profit margin.

Gross profit and gross profit margin

The gross profit of the Group increased from HKD1,076,222,000 for the six months ended 30 September 2011 to HKD1,147,088,000 for the six months ended 30 September 2012, representing an increase of 6.6%, while the gross profit margin of the Group decreased from 70.6% of the first half of last financial year to 68.1% of the first half of current year. The increase in cost of goods sold was mainly attributable to change of the sector's revenue mix, with sales revenue of RTL (whose gross profit margins are relatively lower) to overall sales revenue ratio increased from approximately 7.3% last year to approximately 11.6% this year.

Other income

Other income of the Group was HKD56,508,000 for the six months ended 30 September 2012, representing a decrease of HKD35,928,000 as compared with HKD92,436,000 for the six months ended 30 September 2011. The significant decrease in other income was mainly attributable to the RMB exchange rate was lower during the reporting period which resulted in exchange losses.

管理層討論及分析 (續)

財務狀況回顧

截至二零一二年九月三十日止的中期業績分析

營業額

截至二零一二年九月三十日止六個月，本集團的營業額達到港幣1,684,042,000元，較上年同期的港幣1,525,451,000元，增長10.4%。營業額的持續增長，主要是由於食用、日用香精香料以及煙草薄片銷售額的增加所致。截至二零一二年九月三十日止六個月，本集團食用香精香料的營業額增加5.0%至港幣1,395,281,000元，日用香精香料的營業額增加了8.4%至港幣92,619,000元，而煙草薄片的營業額增加了77.1%至港幣196,142,000元。

銷售成本

截至二零一二年九月三十日止六個月，本集團的銷售成本為港幣536,954,000元，較上年同期的港幣449,229,000元，增加19.5%。銷售成本上升除了因為營業額上升以外，主要原因是本集團的綜合毛利率下降所致。

毛利和毛利率

本集團的毛利由截至二零一一年九月三十日止六個月的港幣1,076,222,000元增加至截至二零一二年九月三十日止六個月的港幣1,147,088,000元，增長6.6%，而本集團上半年的毛利率則由上一財政年度上半年的70.6%下降至68.1%。本集團毛利率的下降主要是由於業務板塊佔銷售收入的比重發生改變所致，毛利率較低的煙草薄片的銷售收入佔總收入的比重從去年的約7.3%，上升至今年的約11.6%。

其他收益

截至二零一二年九月三十日止六個月，本集團的其他收益為港幣56,508,000元，較截至二零一一年九月三十日止六個月的港幣92,436,000元減少了港幣35,928,000元。其他收益的大幅減少主要是由於本期間人民幣偏軟而產生的匯兌虧損所致。

Management Discussion and Analysis (cont'd)

Selling and marketing expenses

The selling and marketing expenses of the Group comprised mainly traveling expenses, transportation cost, salaries and office expenses. The selling and marketing expenses of the Group for the six months ended 30 September 2012 were HKD63,519,000, representing an increase of approximately 38.9% as compared with HKD45,718,000 for the corresponding period last year. Selling and marketing expenses to total sales revenue for the 6 months ended 30 September 2012 and 2011 amounted to approximately 3.8% and 3.0% respectively. The increase in the ratio of selling and marketing expenses to sales revenue was mainly attributable to increase in employee benefit expenses and the Group stepped up its selling efforts which resulted in increase of related expenses.

Administrative expenses

The Group's administrative expenses amounted to HKD241,889,000 for the six months ended 30 September 2012, representing an increase of 24.6% as compared with HKD194,103,000 for the corresponding period last year. The ratio of administrative expenses to total sales was approximately 14.4%, representing an increase of 1.7 percentage points as compared with 12.7% for the corresponding period last year. Among which the ratio of R&D expenses to total sales was approximately 5.8%, increased by approximately 0.4 percentage point as compared with the corresponding period last year. The increase in ratio of administrative expenses to total sales revenue was mainly attributable to the increase in R&D expenses as well as employee benefit expenses and depreciation expenses, etc.

Operating profit

The operating profit of the Group for the six months ended 30 September 2012 was HKD898,188,000, representing a decrease of approximately 3.3% as compared with HKD928,837,000 for the corresponding period last year, while the operating profit margin decreased to approximately 53.3% during the first half of the year from approximately 60.9% for the first half of last year. The decrease in the operating profit margin was attributable to the significant decrease in other income, increase in selling and marketing expenses and administrative expenses and lower gross profit margin.

Income tax expenses

The income tax expenses of the Group for the six months ended 30 September 2012 was HKD109,702,000, representing a slight decrease as compared with HKD111,385,000 for the corresponding period last year. Income tax rate of the current period was approximately 12.1%, which was slightly increased as compared with approximately 11.9% for the corresponding period last year. The income tax rate was stable as a whole.

管理層討論及分析 (續)

銷售及市場推廣開支

本集團銷售及市場推廣開支主要包括差旅費、運輸成本、薪金及辦公費用等。本集團截至二零一二年九月三十日止六個月的銷售及市場推廣開支為港幣63,519,000元，較上年度的港幣45,718,000元，增加了38.9%。於截至二零一二年及二零一一年九月三十日止六個月的銷售及市場推廣開支所佔銷售總額的比例分別為約3.8%及3.0%，該比例的增加主要是由於員工薪酬的增加及本集團加大銷售力度導致相關費用增加所致。

行政開支

本集團的行政開支在截至二零一二年九月三十日止六個月為港幣241,889,000元，較上年度同期的港幣194,103,000元，增加24.6%。而行政開支所佔銷售總額的比例為約14.4%，較去年同期的12.7%增加了1.7個百分點。其中研發費用佔銷售總額約5.8%，較去年同期增加了約0.4個百分點；行政開支金額及佔銷售比例增加的主要原因是集團研發費用、員工薪酬調整及折舊等費用的上升所致。

營運盈利

本集團營運盈利在截至二零一二年九月三十日止六個月為港幣898,188,000元，較上年同期的港幣928,837,000元，減少了約3.3%。而本集團的營運盈利率則由上一年度同期的約60.9%下降至本年度的約53.3%。營運盈利的減少主要是由於其他收益大幅下降，銷售及市場推廣開支和行政開支上升以及毛利率的下降所致。

稅務開支

本集團的稅務開支在截至二零一二年九月三十日止六個月為港幣109,702,000元，較上年同期的港幣111,385,000元稍為下降。本期所得稅稅率約為12.1%，較去年同期的約11.9%稍為上升。所得稅稅率總體平穩。

Management Discussion and Analysis (cont'd)

Profit attributable to the equity holders of the Company

Profit attributable to the equity holders of the Company was HKD784,903,000 for the six months ended 30 September 2012, representing a decrease of 3.7% as compared with HKD814,920,000 for the corresponding period last year.

Net current asset value and financial resources

As at 30 September 2012, the net current asset value of the Group was HKD2,495,841,000 (31 March 2012: HKD2,254,535,000). The Group generates its working capital mainly through its operating activities to maintain a sound financial position. As at 30 September 2012, the Group's cash and cash equivalents amounted to HKD2,691,881,000 (31 March 2012: HKD2,286,577,000). The Group neither had any forex hedging products nor structured investment products or financial derivatives.

Bank borrowings and gearing ratio

As at 30 September 2012, the Group had bank borrowings of HKD927,500,000 (31 March 2012: HKD927,500,000), which are entirely unsecured loan with interest calculated based on HK dollars inter-banks borrowings rate. For the six months ended 30 September 2012, the average annual interest rate of such unsecured loan was 2.47 % (2011: 1.49%) which are due within 1 year. The Group's gearing ratio (total borrowings, include current and non-current borrowings, divided by total equity (excludes non-controlling interests)) was about 13.8% as at 30 September 2012 (31 March 2012: 14.7%).

Debtors' turnover period

Debtors' turnover period is calculated on the basis of the average amount of trade receivables net of provisions as at the beginning and at the end of a relevant financial period divided by the total sales revenue for the corresponding period and multiplied by 180 days. The Group generally offers its customers a credit period of approximately 0-180 days, depending on the business volume of, and the length of business relationship with, the customers. For the six months ended 30 September 2012, the Group's average debtors' turnover period was 72 days, representing an increase of 2 days as compared with 70 days for the last financial year ended 31 March 2012. Debtors' turnover period remains stable.

管理層討論及分析 (續)

本公司權益持有人應佔盈利

本公司權益持有人應佔盈利在截至二零一二年九月三十日止六個月為港幣784,903,000元，較去年同期的港幣814,920,000元，減少3.7%。

流動資產淨值和財務資源

於二零一二年九月三十日，本集團的流動資產淨值港幣2,495,841,000元（二零一二年三月三十一日：港幣2,254,535,000元）。本集團主要透過經營業務提供營運資金，維持穩健財務狀況。於二零一二年九月三十日，本集團的現金及現金等價物為港幣2,691,881,000元（二零一二年三月三十一日：港幣2,286,577,000元）。本集團無持有任何外匯對沖產品、結構性投資產品及財務衍生工具。

銀行貸款及負債比率

於二零一二年九月三十日，本集團的銀行借貸總額為港幣927,500,000元（二零一二年三月三十一日：港幣927,500,000元），全部為無抵押貸款，按港元銀行同業拆借息率作基礎，截至二零一二年九月三十日止六個月，該無抵押貸款的平均年息率為2.47厘（二零一一年：1.49厘）並於一年內到期償還。於二零一二年九月三十日，本集團之負債比率（總債務（包括流動及非流動貸款）除以總權益，不含非控制性權益）為13.8%（二零一二年三月三十一日：14.7%）。

應收賬週轉期

應收賬週轉期乃通過將有關財政年度期初及期末經扣除撥備的應收貿易賬款平均金額除以相應期間的營業總額再乘以180天計算。本集團一般給予客戶約0至180日的信貸期，根據客戶業務量的大小和業務關係時間長短而定。截至二零一二年九月三十日止六個月，本集團的平均應收賬週轉期為72日，比較截至二零一二年三月三十一日止上一財政年度的70日上升了2日，基本穩定。

Management Discussion and Analysis (cont'd)

Creditors' turnover period

Creditors' turnover period is calculated on the basis of the average amount of trade payables as at the beginning and at the end of a relevant financial period divided by the cost of goods sold for the corresponding period and multiplied by 180 days. Credit periods granted by suppliers to the Group ranged from 0-180 days. For the six months ended 30 September 2012, the Group's average creditors' turnover period was 115 days, representing a decrease of 7 days as compared with 122 days for the last financial year ended 31 March 2012. The decrease in the creditors' turnover period was attributable to certain suppliers shortened the credit period and the increase in natural aromatic raw materials procurement amount along with a shorter creditors' turnover period.

Inventory and inventory turnover period

As at 30 September 2012, the Group's inventory balance amounted to HKD656,396,000 (31 March 2012: HKD667,871,000). The Group has continued to improve its inventory management and to optimize its inventory structure, thus the inventory balance has slightly decreased. For the six months ended 30 September 2012, the inventory turnover period (calculated on the basis of the average amount of inventory balances as at the beginning and at the end of a relevant financial period divided by the total cost of goods sold for the corresponding period and multiplied by 180 days) was 222 days, representing an increase of 12 days as compared with 210 days for the last financial year ended 31 March 2012. The increase in inventory turnover period was mainly attributable to the relatively higher level of inventory at the beginning of the reporting period.

Foreign exchange and exchange rate risk

The principal businesses of the Group are located in Mainland China and the majority of the sales revenue is denominated in RMB, only a certain amount of imported raw materials and equipment are calculated in foreign currency such as USD or EUR. The Group is of the view that the risk of RMB depreciating is very low. As a result, the Group's exposure to exchange rate risk is relatively low.

Pledge of assets

As at 30 September 2012, the Group did not pledge any of its assets.

Capital Commitments

As at 30 September 2012, the Group had capital commitments in respect of the purchase of property, plant, equipment, and investment in an associate, contracted for but not provided for in the financial statements amounting to approximately HKD307,901,000, majority of which related to capital injection into Huangguoshu Jinye and Guangdong Jinye procured property and equipment (31 March 2012: HKD385,586,000).

管理層討論及分析 (續)

應付賬週轉期

應付賬週轉期乃通過將有關財政年度期初及期末的應付貿易賬款平均金額除以相應期間的銷售成本再乘以180天計算。供應商給予本集團的信貸期介乎零日至180日。截至二零一二年九月三十日止的六個月期間，本集團的平均應付賬週轉期為115日，比較截至二零一二年三月三十一日止上一財政年度的122日下降了7日。應付賬週轉期下降的主要原因是個別供應商縮短賬期以及天然香原料的採購金額增加而且付款週期較短所致。

存貨和存貨週轉期

本集團的存貨結餘於二零一二年九月三十日為港幣656,396,000元(二零一二年三月三十一日：港幣667,871,000元)。本集團不斷加強存貨管理、優化存貨結構，存貨金額稍為下降。在截至二零一二年九月三十日止六個月期間，存貨週轉期(將有關財政年度期初及期末的存貨平均結餘除以相應期間的銷售成本總額再乘以180天計算)為222日，比較截至二零一二年三月三十一日止上一個財政年度的210日增加了12日，存貨週轉期上漲的主要原因是由於本月初存貨水平較高所致。

外匯及匯率風險

本集團的主要業務均在中國，收入絕大部份業務都以人民幣結算，僅部份進口原料及設備以美元或歐元等外幣結算。預期人民幣並無重大貶值風險，因此本集團所承擔之匯率風險也較低。

資產抵押

於二零一二年九月三十日，本集團並無資產抵押。

資本承擔

於二零一二年九月三十日，本集團就已訂約購買的物業、廠房、設備及於聯營公司之投資但並未於財務報表撥備的資本承擔約港幣307,901,000元，主要包括注資黃果樹金葉及廣東金葉添置廠房及設備(二零一二年三月三十一日：港幣385,586,000元)。

Management Discussion and Analysis (cont'd)

Contingent liabilities

According to the information available to the Board, the Group had no contingent liabilities as at 30 September 2012.

HUMAN RESOURCES

As at 30 September 2012, the Group employed a total of approximately 2,411 employees in the PRC, Hong Kong, Germany and Botswana. The sound development of the Group attracts talents in the industry. Moreover, during the period, the Group continued to recruit talents based on the business needs and, in the meantime, the Group kept the core staff of acquired enterprises upon the acquisition, assimilating them into the Group's corporate culture. The Board places great emphasis on the career development of employees and provides them with ample space for growth. Meanwhile, the Group provide them with competitive remuneration as compared with the existing market condition.

To upgrade the Group to the international standard in terms of technology and management, the Group places great emphasis on staff training and talent recruitment, enhancement of the employees' initiative and creativity. The Group provides training to mid-top executives and the management on a regular basis, guiding them towards common values to strengthen team spirit. In addition, the Group has built talent banks for various staff levels to completely resolve the issue of talent availability encountered by the enterprise during long term development.

As to remuneration, the Group provides its employees with competitive remunerations, pension schemes and other fringe benefits, and grants awards to the employees based on their performance. The Group granted share options to 79 persons including directors, senior management, technical and business executives from 2006 to 2008, has then implemented a remuneration restructure in line with market benchmark and will further complement assessment indicator and system. Such remuneration restructure may help to motivate employees and to create higher values for the Company. In the future, the Group may, based on the market landscapes, grant further share options or implement other long-term incentive programs as appropriate in order to further motivate its core team members so as to create long-term values for Shareholders.

管理層討論及分析 (續)

或然負債

根據可供董事會查閱的資料，本集團於二零一二年九月三十日並無任何重大的或然負債。

人力資源

於二零一二年九月三十日，本集團在中國大陸、香港、德國及博茨瓦納共聘用員工2,411人。本集團良好的發展勢頭吸引了大批業界優秀人士的加盟，此外，根據在業務上的需要，期內本集團繼續引進人才，同時，本集團在收購時保持了被收購企業骨幹員工的穩定並融入集團文化。董事會非常重視僱員的發展，給予他們充分的空間。同時在待遇方面我們及時地研究市場情況保持充分的競爭力。

為了配合集團實現技術和管理國際化發展規劃，本集團十分注意員工的培養和人才引進工作，提高員工積極性並培養員工的創造力。本集團定期對中高層及管理層人員進行培訓，樹立共同的價值觀，加強團體精神。另外，集團還建立了多個級別的人才庫，從根本上解決了企業長期發展所需之人才儲備問題。

在薪酬待遇方面，本集團向員工提供具競爭力的薪酬和退休供款計劃等其他福利，並根據員工的表現給予適當的獎勵。在激勵機制方面，本集團於二零零六至二零零八年期間向包括董事、高層管理人員、技術和業務人員共79人授出購股權之後，本年度進行了薪酬制度改革，實施了市場接軌的薪酬體系，進一步完善了考核指標和制度。該薪酬體系有利於調動員工積極性，為企業創造更大的價值。未來本集團將可能視乎市場情況適時進一步授出購股權或實施其它長期激勵計劃，以進一步激勵核心團隊為股東長期創造價值。

Other Information

DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2012, the interests of the Directors and their associates in the Shares, underlying Shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, were as follows:

(a) Long position in ordinary shares of HK\$0.10 each of the Company

Name of Director	Capacity	Number of issued Shares held	Percentage of the issued share capital
董事姓名	身份	持有已發行股份數目	佔已發行股本百分比
CHU Lam Yiu (Note 2) 朱林瑤 (附註2)	Held through controlled corporations (Note 1) 透過受控制公司持有 (附註1)	1,219,813,415	38.78%
XIA Li Qun 夏利群	Beneficial Owner 實益擁有人	5,250,000	0.17%
WANG Guang Yu 王光雨	Beneficial Owner 實益擁有人	2,700,000	0.09%
XIONG Qing 熊卿	Beneficial Owner 實益擁有人	200,000	0.01%

Note 1: 1,219,813,415 ordinary shares of the Company are respectively held by Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited, Raise Sino Investments Limited and Real Elite Investments Limited. Ms. CHU Lam Yiu is the sole beneficial owner of the aforesaid six companies.

Note 2: Ms. CHU Lam Yiu entered into a derivative transaction on 14 October 2011 relating to a long position of a monetary value equivalent to 94,736,842 shares of the Company with a contract period from 14 October 2011 to 13 January 2013 (both days inclusive).

(b) Interests in share options of the Company

The interests of the Directors in the share options of the Company are detailed in the "Share Options" section stated below.

Save as disclosed above, as at 30 September 2012, none of the Directors nor their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its subsidiaries or associated companies as defined in the SFO.

其他資料

董事於股份、相關股份及債券之權益

於二零一二年九月三十日，董事及彼等之聯繫人士於本公司及其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有本公司根據證券及期貨條例第352條規定所存置之登記冊所記錄之權益；或擁有根據上市規則附錄十所載的標準守則而須知會本公司及聯交所之權益如下：

(a) 本公司每股面值港幣0.10元之普通股好倉

Number of issued Shares held	Percentage of the issued share capital
持有已發行股份數目	佔已發行股本百分比
1,219,813,415	38.78%
5,250,000	0.17%
2,700,000	0.09%
200,000	0.01%

附註1: 本公司之1,219,813,415股普通股乃分別由Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited, Raise Sino Investments Limited和Real Elite Investments Limited共同持有。朱林瑤女士為此六間公司之唯一實益擁有人。

附註2: 朱林瑤女士於二零一一年十月十四日進行了一項有關本公司股份的衍生產品交易的好倉合約，合約期由二零一一年十月十四日至二零一三年一月十三日（首尾兩日包括在內），相關金額所涉等值為94,736,842股本公司股份。

(b) 本公司購股權之權益

董事之購股權權益已詳列於以下「購股權」一節內。

除上文所披露者外，於二零一二年九月三十日，董事及彼等之聯繫人士概無於本公司或其任何附屬公司或相聯法團（定義見證券及期貨條例）之任何股份、相關股份或債券中擁有任何權益或淡倉。

Other Information (cont'd)

SHARE OPTIONS

Pursuant to a resolution passed on the special general meeting of Shareholders held on 22 September 2006, the Company adopted a share option scheme (the "Share Option Scheme"). As at 30 September 2012, the share options granted by the Company pursuant to the Share Option Scheme which were valid and outstanding amounted to 30,990,000 representing approximately 0.99% of the issued share capital of the Company.

Details of share options granted, exercised, cancelled and lapsed during the reporting period under the Share Option Scheme are set out as follows:

其他資料 (續)

購股權

根據本公司於二零零六年九月二十二日舉行的股東特別大會上通過的決議案，本公司採納購股權計劃（「購股權計劃」）。於二零一二年九月三十日，本公司根據購股權計劃所授出而仍然有效及未被行使的購股權數目合共30,990,000股，佔已發行普通股約0.99%。

於報告期內，根據購股權計劃批授、行使、註銷及失效的購股權詳情如下：

Grantee	Grant Date	Exercise Price	Exercisable Period	Number of Share Options					Balance as at 30 September 2012
				Balance as at 1 April 2012	Granted during the reporting period	Exercised during the reporting period	Cancelled during the reporting period	Lapsed during the reporting period	
承授人	授出日期	行使價	可行使日期	於二零一二年四月一日結餘	報告期內批授	報告期內行使	報告期內註銷	報告期內失效	於二零一二年九月三十日結餘
		HKD 港幣							
Executive Directors									
執行董事									
Mr. LAU Chi Tak 劉志德先生	14 April 2008 二零零八年四月十四日	6.39	14/4/2008-13/4/2018	7,000,000	-	-	-	-	7,000,000
Mr. POON Chiu Kwok 潘昭國先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	3,000,000	-	-	-	-	3,000,000
Mr. XIONG Qing 熊卿先生	17 October 2007 二零零七年十月十七日	6.65	17/4/2008-16/10/2017	2,600,000	-	-	-	-	2,600,000
	14 April 2008 二零零八年四月十四日	6.39	14/4/2008-13/4/2018	3,400,000	-	-	-	-	3,400,000
Independent Non-Executive Directors									
獨立非執行董事									
Mr. LEE Luk Shiu 李祿兆先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	200,000	-	-	-	-	200,000
Ms. MA Yun Yan 麻雲燕女士	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	800,000	-	-	-	-	800,000
Other employees									
其他僱員									
	10 October 2006 二零零六年十月十日	3.09	10/10/2006-9/10/2016	7,600,000	-	-	-	-	7,600,000
	17 October 2007 二零零七年十月十七日	6.65	17/4/2008-16/10/2017	6,390,000	-	-	-	-	6,390,000
Total 合計				30,990,000	-	-	-	-	30,990,000

Other Information (cont'd)

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than disclosed in note 11 to the condensed consolidated interim financial information, at no time during the reporting period was the Company, its ultimate holding companies or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2012, other than the interests disclosed in the section "Directors' interest in Shares, Underlying Shares and Debentures", the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that the following person(s)/corporation(s) held interests or short positions in 5% or more of the issued share capital of the Company:

Long(L)/short(S) position in ordinary shares of HKD0.10 each of the Company

其他資料 (續)

董事認購股份或債券之權利

除於簡明綜合中期財務資料附註11所披露者外，本公司、其最終控股公司或其任何附屬公司於報告期內任何時間均無參與任何安排，致使本公司之董事可藉收購本公司或任何其他法團之股份或債券而獲益。

主要股東之權益

於二零一二年九月三十日，除於「董事於股份，相關股份及債券之權益」一節所披露之權益外，本公司根據證券及期貨條例第336條存置之主要股東登記冊顯示，下列人士／法團持有本公司已發行股本5%或以上權益及淡倉。

本公司每股面值港幣0.10元之普通股好倉／淡倉

Name of Substantial Shareholders	Capacity	Long(L)/short(S) position	Number of issued shares held 持有已發行股份數目	Percentage of the issued share capital 佔已發行股本百分比
主要股東名稱	身份	好倉／淡倉		
Credit Suisse Group AG <small>(Note 1) (附註1)</small>	Held through controlled corporations 透過受控公司持有	L 好倉	178,326,915	5.67%
		S 淡倉	118,952,533	3.78%
JPMorgan Chase & Co. <small>(Notes 2, 3) (附註2, 3)</small>	Beneficial owner 實益擁有人	L 好倉	43,342,325	1.38%
		S 淡倉	27,198,000	0.86%
	Investment Manager 投資經理	L 好倉	2,434,000	0.08%
	Custodian 託管人	L 好倉	142,540,808	4.53%
Lazard Asset Management LLC	Investment Manager 投資經理	L 好倉	472,228,021	15.01%
Lazard Emerging Markets Equity Portfolio	Investment Manager 投資經理	L 好倉	219,747,000	6.99%

Other Information (cont'd)

其他資料 (續)

Name of Substantial Shareholders	Capacity	Long(L)/ short(S) position	Number of issued shares held	Percentage of the issued share capital
主要股東名稱	身份	好倉 / 淡倉	持有已發行 股份數目	佔已發行 股本百分比
Morgan Stanley (Note 4) (附註4)	Held through controlled corporations 透過受控公司持有	L	276,363,295	8.79%
		S	280,136,004	8.91%
Prudential plc	Held through controlled corporations 透過受控公司持有	L 好倉	256,139,500	8.14%
The Bank of New York Mellon Corporation (Note 5) (附註5)	Held through controlled corporations 透過受控公司持有	L 好倉	158,483,274	5.04%
UBS AG (Note 6) (附註6)	Beneficial owner 實益擁有人	L	135,042,534	4.29%
		S	125,359,350	3.99%
	Held through controlled corporations 透過受控公司持有	L	68,407,064	2.17%
		S	18,234,614	0.58%
	Person having a security interest in shares 對股份持有保證權益的人	L 好倉	3,682,000	0.12%
Wellington Management Company, LLP	Investment Manager 投資經理	L 好倉	223,571,763	7.11%

Note 1 : Long position of 56,919,619 Shares and short position of 431,000 Shares were held through cash settled derivatives (off exchange).

附註1 : 56,919,619股好倉和431,000股淡倉乃透過現金交收之衍生工具(場外)持有。

Note 2 : The interest of JPMorgan Chase & Co. included a lending pool of 142,540,808 Shares.

附註2 : JPMorgan Chase & Co.的權益包括142,540,808股股份的借貨倉。

Note 3 : Long position of 12,175,325 Shares were held through cash settled derivatives (off exchange).

附註3 : 12,175,325股好倉乃透過現金交收之衍生工具(場外)持有。

Note 4 : (i) Short position of 144,000 Shares were held through physically settled derivatives (off exchange); (ii) long position of 99,373,918 Shares and short position of 6,362,000 Shares were held through cash settled derivatives (off exchange).

附註4 : (i)144,000股淡倉乃透過實物交收之衍生工具(場外)持有;(ii)99,373,918股好倉和6,362,000股淡倉乃透過現金交收之衍生工具(場外)持有。

Note 5 : The interest of The Bank of New York Mellon Corporation included a lending pool of 154,908,045 Shares.

附註5 : The Bank of New York Mellon Corporation的權益包括154,908,045股股份的借貨倉。

Note 6 : (i) Long position of 11,450 Shares were held through physically settled derivatives (on exchange); (ii) long position of 96,154,894 Shares and short position of 101,804,000 Shares were held through cash settled derivatives (off exchange).

附註6 : (i)11,450股好倉乃透過實物交收之衍生工具(場內)持有;(ii)96,154,894股好倉和101,804,000股淡倉乃透過現金交收之衍生工具(場外)持有。

Other Information (cont'd)

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Board of the Company recognises and appreciates the importance and benefits of good corporate governance practices and has adopted corporate governance and disclosure practices for achieving a higher standard of transparency and accountability.

The Board members have regular discussions about the business strategies and performance of the Group and have regular trainings on Listing Rules and regulatory requirements provided by the legal adviser of the Company from time to time together with the relevant senior executives. Finance Department provides and reports to the Board members on the key management accounting information of the Group on a regular basis. The Company has an established internal reporting practice throughout the Group to monitor the operation and business development of the Company so as to capture potentially price-sensitive information on a monthly basis, monitoring the continuing disclosure obligation.

Throughout the reporting period, save for Code Provision A.4.1 and A.6.7, the Company had complied with the code provisions in the CG Code and, where appropriate, adopted the recommended best practice as set out in the code provisions:

Code Provision A.4.1 stipulates that INEDs should be appointed for specific term and subject to re-election. The INEDs of the Company were not appointed for a specific term as they are subject to retirement by rotation no later than the third annual general meeting of the Company since their last appointment or re-election and are eligible for re-election in accordance with the Company's bye-laws. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

Code provision A.6.7 provided that, INEDs and other non-executive directors should attend general meetings. Due to other business commitment abroad, Dr. JIN Lizuo (INED of the Company) was unable to attend the annual general meeting of the Company held on 8 August 2012 (the "2012 AGM"). However, the other two INEDs of the Company, Mr. LEE Luk Shiu and Ms. MA Yun Yan attended the 2012 AGM.

其他資料 (續)

企業管治

遵守《企業管治守則》

本公司董事會重視良好企業管治的重要性及其所帶來的益處，並已採納若干企業管治及披露常規，致力提高透明度和問責水平。

董事會定期討論本集團表現和經營策略，並與相關高層管理人員接受本公司法律顧問定期提供的上市規則和法規要求的培訓。財務部亦定期向董事會成員匯報和提供本集團重要的管理會計資料。本公司已建立集團內部匯報制度以監控本公司營運和業務發展的情況，以便按月記錄潛在股價敏感資料，監察持續披露責任。

於報告期內，本公司已遵守企業管治守則之守則條文，並在適當的情況下採納守則條文所載之建議最佳常規，惟守則條文第A.4.1條及A.6.7條除外：

守則條文第A.4.1條規定獨立非執行董事之委任須有指定任期，且須膺選連任。本公司的獨立非執行董事並無指定任期，但須根據本公司之公司細則於其上次獲委任或重選後不超過第三屆本公司股東週年大會上輪值告退，並符合資格膺選連任。因此，本公司認為已採取充分措施，以確保本公司的企業管治常規不比企業管治守則所載之規定寬鬆。

守則條文第A.6.7條規定獨立非執行董事及其他非執行董事應出席股東大會。本公司的獨立非執行董事金立佐博士由於在外地有其他業務在身，故此無法出席本公司於二零一二年八月八日舉行的股東週年大會（「二零一二年股東週年大會」），但本公司另外兩位獨立非執行董事李祿兆先生及麻雲燕女士已出席二零一二年股東週年大會。

Other Information (cont'd)

Changes to Information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) during the reporting period are set out below:

1. Mr. XIA Li Qun was appointed as Executive Vice President of the Company since 3 September 2012.
2. Mr. XIONG Qing was appointed as Vice President of the Company since 9 July 2012.
3. In view of the overall directors' duties and responsibilities, market benchmark, scale and performance of the Group and the fact that the level of a number of directors' fees/remunerations had not been reasonably adjusted since the year of 2006, the Board, having considered the recommendations from both the Remuneration Committee of the Company and market benchmark, approved the following adjustments to the directors' fees/remunerations which took effect from 1 April 2012.

3.1 The amount of director's fee of the following INEDs are as follows:

- the director's fee of each of Dr. JIN Lizuo, Mr. Lee Luk Shiu and Ms. MA Yun Yan is HKD20,000 per month (2011-12 financial year: HKD15,000 per month).

3.2 The amount of director's remuneration of the following Executive Directors are as follows:

- the director's remuneration of Ms. CHU Lam Yiu (Chairman and Executive Director) is approximately HKD816,667 per month (2011-12 financial year: nil);
- the director's remuneration of Mr. LAU Chi Tak (Executive Director and CEO) is approximately HKD200,000 per month (the average monthly director's remuneration for 2011-12 financial year was approximately HKD125,000);

其他資料 (續)

董事資料更新

根據上市規則第13.51B(1)條，按照第13.51(2)條(a)至(e)和(g)段要求，於報告期內，董事資料變動如下：

1. 夏利群先生自二零一二年九月三日起獲委任為本公司的常務副總裁。
2. 熊卿先生自二零一二年七月九日起獲委任為本公司的副總裁。
3. 有鑑於整體董事的職權和責任、市場基準、集團的規模和表現以及事實上部份董事的袍金／酬金水平自二零零六年起並沒有合理調整等因素，董事會經考慮薪酬委員會之建議和市場基準，批准以下董事袍金／酬金調整，並由二零一二年四月一日起生效。

3.1 獨立非執行董事之袍金如下：

- 金立佐博士、李祿兆先生及麻雲燕女士之董事袍金為每月港幣20,000元(二零一一／一二年財政年度：每月港幣15,000元)。

3.2 執行董事之酬金如下：

- 朱林瑤女士(主席及執行董事)之董事酬金為每月約港幣816,667元(二零一一／一二年財政年度：無)；
- 劉志德先生(執行董事及總裁)之董事酬金為每月約港幣200,000元(二零一一／一二年財政年度：平均每月約港幣125,000元)；

Other Information (cont'd)

- the director's remuneration of Mr. POON Chiu Kwok (Executive Director and Company Secretary) is approximately HKD191,667 per month (the average monthly director's remuneration for 2011-12 financial year was approximately HKD125,000);
- the director's remuneration of Mr. WANG Guang Yu (Executive Director) is approximately HKD150,000 per month (the average monthly director's remuneration for 2011-12 financial year was approximately HKD45,500);
- the director's remuneration of Mr. XIA Li Qun (Executive Director, CFO and Executive Vice President) is approximately HKD200,000 per month (the average monthly director's remuneration for 2011-12 financial year was approximately HKD53,083); and
- the director's remuneration of Mr. XIONG Qing (Executive Director and Vice President) is approximately HKD191,667 per month (the average monthly director's remuneration for 2011-12 financial year was approximately HKD119,167).

其他資料 (續)

- 潘昭國先生(執行董事及公司秘書)之董事酬金為每月約港幣191,667元(二零一一/一二年財政年度:平均每月約港幣125,000元);
- 王光雨先生(執行董事)之董事酬金為每月約港幣150,000元(二零一一/一二年財政年度:平均每月約港幣45,500元);
- 夏利群先生(執行董事、財務總監及常務副總裁)之董事酬金為每月約港幣200,000元(二零一一/一二年財政年度:平均每月約港幣53,083元);及
- 熊卿先生(執行董事及副總裁)之董事酬金為每月約港幣191,667元(二零一一/一二年財政年度:平均每月約港幣119,167元)。

Model Code for securities transactions by the Directors of listed issuers

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry to all the Directors, all the Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2012.

INTERIM AND SPECIAL DIVIDENDS

The Board has resolved to declare an interim dividend of HK7.48 cents per Share (2011: HK7.80 cents per Share) and a special dividend of HK2.48 cents per Share (2011: HK5.18 cents per Share) both in cash for the six months ended 30 September 2012, which are expected to be paid around 22 February 2013 (Friday) to Shareholders whose names appear on the Register of Members of the Company as at 31 January 2013 (Thursday).

上市發行人董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載之標準守則，作為董事進行證券交易之行為規範守則。經作出具體查詢後，全體董事確認於截至二零一二年九月三十日止六個月內已遵守標準守則所規定之標準。

中期及特別股息

董事會決議向於二零一三年一月三十一日(星期四)名列本公司股東名冊之股東宣派截至二零一二年九月三十日止六個月之現金中期股息每股港幣7.48仙(二零一一年:每股港幣7.80仙)和特別股息每股港幣2.48仙(二零一一年:每股港幣5.18仙),預期中期及特別股息約於二零一三年二月二十二日(星期五)派發。

Other Information (cont'd)

CLOSE OF REGISTER OF MEMBERS

In order to determine Shareholders who qualify for the interim and special dividends, the Register of Members of the Company will be closed from 28 January 2013 (Monday) to 31 January 2013 (Thursday), both days inclusive, during which no transfer of Shares will be effected. All properly completed transfers form(s) accompanied by relevant share certificate(s) must be lodged with the Company's Branch Share Registrar, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 25 January 2013 (Friday).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2012, the Company repurchased a total of 17,696,000 ordinary shares of HK\$0.10 per Share through the Stock Exchange at an aggregate consideration of approximately HK\$73,781,000 (excluding transaction costs). Out of the 17,696,000 Shares repurchased, 14,680,000 Shares were cancelled during the period while the remaining 3,016,000 Shares were cancelled subsequently on 29 October 2012. Details of Shares repurchased during the period are set out as follows:

Month/year	No. of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate price paid
年份 / 月份	購回股份數目	所支付的最高每股價格	所支付的最低每股價格	所支付的價格總額
		HKD 港幣	HKD 港幣	HKD'000 港幣千元
August 2012 二零一二年八月	14,082,000	4.55	3.70	58,220
September 2012 二零一二年九月	3,614,000	4.50	3.95	15,561
Total 總計 :	17,696,000			73,781

The Directors believe that repurchases of Shares are in the best interests of the Company and its Shareholders and such repurchases of Shares would lead to an enhancement of the net asset value per Share and earnings per Share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2012.

其他資料 (續)

暫停辦理股份過戶登記手續

為確保股東有資格獲派中期及特別股息，本公司將由二零一三年一月二十八日（星期一）至二零一三年一月三十一日（星期四）止（首尾兩日包括在內），暫停辦理股份過戶登記手續。所有填妥的過戶表格連同有關股票最遲須於二零一三年一月二十五日（星期五）下午四時三十分前送達本公司的股份過戶登記分處卓佳登捷時有限公司，地址為香港灣仔皇后大道東28號金鐘匯中心26樓。

購買、出售或贖回本公司的上市證券

截至二零一二年九月三十日止六個月，本公司於聯交所回購共17,696,000股每股面值港幣0.10元之普通股，總代價約為港幣73,781,000元（不含交易成本）。在17,696,000股購回股份當中，14,680,000股已在期內被註銷，餘下的3,016,000股隨後於二零一二年十月二十九日被註銷。於期內購回股份的詳情如下：

董事相信，回購股份乃符合本公司及其股東之最佳利益，並可提高本公司每股資產淨值及每股盈利。

除上文所披露者外，本公司或其任何附屬公司在截至二零一二年九月三十日止六個月期間概無購買、出售或贖回本公司任何上市證券。

Other Information (cont'd)

PUBLIC FLOAT

Throughout the six months ended 30 September 2012, the Company had maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and to the best knowledge of the Directors.

AUDIT COMMITTEE

The Board has formed an Audit Committee in accordance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting procedure and internal control of the Company. The Audit Committee members currently comprise all of the INEDs, namely Mr. LEE Luk Shiu, Dr. JIN Lizuo and Ms. MA Yun Yan. The Audit Committee has reviewed and approved the Company's unaudited condensed consolidated interim financial information for the six months ended 30 September 2012 together with the Board.

By Order of the Board

CHU Lam Yiu

Chairman

Hong Kong, 19 November 2012

其他資料 (續)

公眾持股量

於截至二零一二年九月三十日止六個月內，本公司根據可供公眾查閱之資料以及據董事所知，本公司已維持上市規則所規定之公眾持股量。

審核委員會

董事會已根據上市規則成立了審核委員會，以履行檢討及監察本公司財務匯報程序及內部監控之職責。審核委員會成員目前由本公司獨立非執行董事李祿兆先生、金立佐博士及麻雲燕女士擔任。審核委員會連同董事會已審閱並批准截至二零一二年九月三十日止六個月之未經審核簡明綜合中期財務資料。

承董事會命

朱林瑤

主席

香港，二零一二年十一月十九日

Review Report



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF HUABAO INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 37 to 71, which comprises the condensed consolidated statement of financial position of Huabao International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2012 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

審閱報告

羅兵咸永道

中期財務資料的審閱報告
致華寶國際控股有限公司董事會

(於百慕達註冊成立的有限公司)

引言

本核數師(以下簡稱「我們」)已審閱列載於第37至71頁的中期財務資料。此中期財務資料包括華寶國際控股有限公司(「貴公司」)及其子公司(合稱「貴集團」)於二零一二年九月三十日的簡明綜合財務狀況表與截至該日止六個月期間的相關簡明綜合收益表、全面收益表、權益變動表和現金流量表，以及主要會計政策概要和其他附註解釋。香港聯合交易所有限公司證券上市規則規定，就中期財務資料編製的報告必須符合以上規則的有關條文以及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」。貴公司董事須負責根據香港會計準則第34號「中期財務報告」編製及列報該等中期財務資料。我們的責任是根據我們的審閱對該等中期財務資料作出結論，並按照委聘之條款僅向整體董事會報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔任何責任。

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Review Report (cont'd)

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 November 2012

審閱報告 (續)

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱準則第2410號「由實體的獨立核數師執行中期財務資料審閱」進行審閱。審閱中期財務資料包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱的範圍遠較根據香港審計準則進行審核的範圍為小，故不能令我們可保證我們將知悉在審核中可能被發現的所有重大事項。因此，我們不會發表審核意見。

結論

按照我們的審閱，我們並無發現任何事項，令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號「中期財務報告」編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零一二年十一月十九日

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

As at 30 September 2012
(All amounts in HK dollar thousands unless otherwise stated)

於二零一二年九月三十日
(除另有指明者外，所有金額均以港幣千元列示)

	Note 附註	As at 30 September 2012 於二零一二年 九月三十日 Unaudited 未經審核	As at 31 March 2012 於二零一二年 三月三十一日 Audited 經審核
Assets			
Non-current assets			
Property, plant and equipment	7	1,287,138	1,115,382
Land use rights	7	204,623	209,233
Intangible assets	7	2,914,118	2,931,975
Investments in associates		101,100	101,545
Available-for-sale financial assets		66,383	65,931
Deferred income tax assets	8	41,339	44,436
		4,614,701	4,468,502
Current assets			
Inventories		656,396	667,871
Trade and other receivables	9	1,010,101	928,969
Assets held for sale		5,038	–
Cash and cash equivalents		2,691,881	2,286,577
		4,363,416	3,883,417
Total assets		8,978,117	8,351,919
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	10	314,517	315,985
Reserves	12	833,825	867,402
Retained earnings			
– Proposed interim/final dividend	19	235,033	280,595
– Proposed special dividend	19	77,926	–
– Others		5,251,372	4,854,325
		6,712,673	6,318,307
Non-controlling interests		324,851	331,942
Total equity		7,037,524	6,650,249
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	8	73,018	72,788
Current liabilities			
Borrowings	13	927,500	927,500
Trade and other payables	14	884,387	584,226
Current income tax liabilities		55,688	117,156
		1,867,575	1,628,882
Total liabilities		1,940,593	1,701,670
Total equity and liabilities		8,978,117	8,351,919
Net current assets		2,495,841	2,254,535
Total assets less current liabilities		7,110,542	6,723,037

The notes on pages 42 to 71 are an integral part of this condensed consolidated interim financial information.

第42頁至71頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Income Statement

簡明綜合收益表

For the six months ended 30 September 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年九月三十日止六個月
(除另有指明者外，所有金額均以港幣千元列示)

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
	Note 附註	2012 二零一二年	2011 二零一一年
Sales		1,684,042	1,525,451
Cost of goods sold		(536,954)	(449,229)
Gross profit		1,147,088	1,076,222
Other income		56,508	92,436
Selling and marketing expenses		(63,519)	(45,718)
Administrative expenses		(241,889)	(194,103)
Operating profit		898,188	928,837
Finance income		18,444	10,283
Finance costs		(11,473)	(4,075)
Finance income – net		6,971	6,208
Share of profit/(loss) of associates		103	(61)
Profit before income tax		905,262	934,984
Income tax expense		(109,702)	(111,385)
Profit for the half year		795,560	823,599
Attributable to:			
Equity holders of the Company		784,903	814,920
Non-controlling interests		10,657	8,679
		795,560	823,599
Earnings per share for profit attributable to the Company's equity holders for the half year			
Basic (HK cents)		24.87	25.85
Diluted (HK cents)		24.85	25.71
Interim dividend		235,033	246,059
Special dividend		77,926	163,408
		312,959	409,467

The notes on pages 42 to 71 are an integral part of this condensed consolidated interim financial information.

第42頁至71頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Statement of Comprehensive Income

簡明綜合全面收益表

For the six months ended 30 September 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年九月三十日止六個月
(除另有指明者外，所有金額均以港幣千元列示)

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2012	2011
		二零一二年	二零一一年
Profit for the half year	半年度盈利	795,560	823,599
Other comprehensive income:	其他全面收益：		
Fair value changes and related deferred tax liabilities on available-for-sale financial assets	可供出售金融資產之公允值變動及相關之遞延所得稅負債	(2,511)	814
Exchange differences on translating foreign operations	海外業務之匯兌差額	(41,827)	121,490
Other comprehensive (loss)/income for the half year, net of tax	半年度除稅後其他全面(虧損)/收益	(44,338)	122,304
Total comprehensive income for the half year, net of tax	半年度除稅後全面收益總額	751,222	945,903
Total comprehensive income attributable to:	應佔全面收益總額：		
Equity holders of the Company	本公司權益持有人	745,718	927,323
Non-controlling interests	非控制性權益	5,504	18,580
		751,222	945,903

The notes on pages 42 to 71 are an integral part of this condensed consolidated interim financial information.

第42頁至71頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012
(All amounts in HK dollar thousands unless otherwise stated)

簡明綜合權益變動表

截至二零一二年九月三十日止六個月
(除另有指明者外，所有金額均以港幣千元列示)

		Unaudited 未經審核					
		Attributable to equity holders of the Company 本公司權益持有人應佔					
		Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
		股本	儲備	保留盈利	總計	非控制性權益	總權益
Balance at 1 April 2011	於二零一一年四月一日	315,005	677,318	4,048,327	5,040,650	255,213	5,295,863
Total comprehensive income for the six months ended 30 September 2011	截至二零一一年九月三十日止六個月的全面收益總額	-	112,403	814,920	927,323	18,580	945,903
Transactions with owners in their capacity as owners:	與本公司擁有人的交易：						
Dividends payable to shareholders	向股東派付的股息	-	-	(251,737)	(251,737)	-	(251,737)
Appropriations from net profit	自純利撥付	-	89	(89)	-	-	-
Capital injection by non-controlling interests – Yongzhou Shanxiang Flavour Co., Ltd. (“Yongzhou Shanxiang”)	由非控制性權益增資擴股至 – 永州山香香料有限公司 (「永州山香」)	-	-	-	-	14,104	14,104
– Qingdao Qingda Product Co., Inc., (“Qingdao Qingda”)	– 青島青大物產股份有限公司 (「青島青大」)	-	-	-	-	5,408	5,408
Incorporation of non-wholly owned subsidiary	成立非全資附屬公司	-	-	-	-	29,400	29,400
Employee share option scheme	僱員購股權計劃	-	-	-	-	-	-
– Value of employee services	– 僱員服務價值	-	75	-	75	-	75
– Exercise of share options	– 行使購股權	455	19,123	-	19,578	-	19,578
Total transactions with owners	與擁有人交易總額	455	19,287	(251,826)	(232,084)	48,912	(183,172)
Balance at 30 September 2011	於二零一一年九月三十日	315,460	809,008	4,611,421	5,735,889	322,705	6,058,594
Balance at 1 April 2012	於二零一二年四月一日	315,985	867,402	5,134,920	6,318,307	331,942	6,650,249
Total comprehensive income for the six months ended 30 September 2012	截至二零一二年九月三十日止六個月的全面收益總額	-	(39,185)	784,903	745,718	5,504	751,222
Transactions with owners in their capacity as owners:	與本公司擁有人的交易：						
Dividends payable to shareholders	向股東派付的股息	-	-	(280,595)	(280,595)	-	(280,595)
Dividend payable to non-controlling interests	向非控制性權益派付的股息	-	-	-	-	(19,369)	(19,369)
Appropriations from net profit	自純利撥付	-	828	(828)	-	-	-
Repurchase of shares	回購股份	(1,468)	1,468	(74,069)	(74,069)	-	(74,069)
Acquisition of additional equity interests in Qingdao Qingda from non-controlling interest (note 23)	向非控制性權益收購青島青大額外權益(附註23)	-	3,312	-	3,312	(16,139)	(12,827)
Incorporation of non-wholly owned subsidiaries	成立非全資附屬公司	-	-	-	-	22,913	22,913
Total transactions with owners	與擁有人交易總額	(1,468)	5,608	(355,492)	(351,352)	(12,595)	(363,947)
Balance at 30 September 2012	於二零一二年九月三十日	314,517	833,825	5,564,331	6,712,673	324,851	7,037,524

The notes on pages 42 to 71 are an integral part of this condensed consolidated interim financial information.

第42頁至71頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Cash Flow Statement

簡明綜合現金流量表

For the six months ended 30 September 2012
(All amounts in HK dollar thousands unless otherwise stated)

截至二零一二年九月三十日止六個月
(除另有指明者外，所有金額均以港幣千元列示)

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2012 二零一二年	2011 二零一一年
Cash flows from operating activities, net	營運活動產生之淨現金	706,608	669,739
Cash flows used in investing activities, net	投資活動所用之淨現金	(219,209)	(211,185)
Cash flows (used in)/from financing activities, net	融資活動(所用)/產生之淨現金	(60,864)	64,399
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	426,535	522,953
Cash and cash equivalents at 1 April	於四月一日之現金及現金等價物	2,286,577	1,676,410
Effects of exchange rate changes on cash and cash equivalents	匯率差異對現金及現金等價物的影響	(21,231)	58,286
Cash and cash equivalents at 30 September	於九月三十日之現金及現金等價物	2,691,881	2,257,649

The notes on pages 42 to 71 are an integral part of this condensed consolidated interim financial information.

第42頁至71頁的附註為本簡明綜合中期財務資料的整體部份。

Notes to the Condensed Consolidated Interim Financial Information

(All amounts in HK dollar thousands unless otherwise stated)

1. GENERAL INFORMATION

Huabao International Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are mainly engaged in the research and development, production, distribution and sale of flavours, fragrances and reconstituted tobacco leaves in the People's Republic of China (the "PRC"). Ms. Chu Lam Yiu ("Ms. Chu"), who is the Chairman of the Board of Directors, holds approximately 39% equity interests in the Company as at 30 September 2012, through six limited companies incorporated in the British Virgin Islands solely beneficially owned by her, namely Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Raise Sino Investments Limited, Jumbo Elite Limited and Real Elite Investments Limited, and is the single largest shareholder of the Company.

This condensed consolidated interim financial information is presented in thousands of units of HK dollars ("HKD'000") unless otherwise stated. This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 19 November 2012.

This condensed consolidated interim financial information has not been audited.

簡明綜合中期財務資料附註

(除另有指明者外，所有金額均以港幣千元列示)

1. 一般資料

華寶國際控股有限公司（「本公司」）於百慕達註冊成立為獲豁免有限公司。其註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

本公司的股份主要於香港聯合交易所有限公司（「聯交所」）上市。

本公司為投資控股公司。本公司及其附屬公司（「本集團」）之業務主要在中華人民共和國（「中國」）研究及發展、生產、分銷及銷售香精香料和煙草薄片。朱林瑤女士（「朱女士」）乃本公司之董事局主席，於二零一二年九月三十日，透過六家於英屬處女群島註冊成立的並由朱女士唯一實益擁有的有限公司Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Raise Sino Investments Limited, Jumbo Elite Limited及Real Elite Investments Limited, 持有本公司約39%之權益，為本公司的單一大股東。

本簡明綜合中期財務資料除另有指明者外，均以港幣千元（「港幣千元」）列示。本簡明綜合中期財務資料已於二零一二年十一月十九日獲董事會批准刊發。

本簡明綜合中期財務資料未經審核。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2012 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Main Board of Stock Exchange (the "Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2012, which has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2012, as described in those financial statements.

(a) Assets held-for-sale

Assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below) are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets and financial assets, even if held for sale, would continue to be measured in accordance with the policies set out in note 2 of the annual financial statements for the year ended 31 March 2012.

- (b) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

2. 編製基準

本公司截至二零一二年九月三十日止六個月的簡明綜合中期財務資料已根據聯交所證券上市規則「上市規則」附錄16之適用披露規定及香港會計師公會(「香港會計師公會」)頒佈的香港會計準則(「香港會計準則」)第34號「中期財務報告」而編制。本簡明綜合中期財務資料應與本集團根據香港財務報告準則(「香港財務報告準則」)而編製的截至二零一二年三月三十一日止年度的綜合財務報表一併閱讀。

3. 會計政策

除下文所述外，編制本簡明綜合財務資料中所採用之會計政策與截至二零一二年三月三十一日止年度的年度財務報表所採用的會計政策一致，並已詳列該財務報表內。

(a) 持作出售資產

當持作出售資產的賬面值將主要透過一項出售交易收回而該項出售被視為極可能時，分類為持作出售的資產。該等非流動資產(除以下列示的若干資產外)按賬面值與公允價值減去處置費用兩者的較低者列賬。遞延所得稅資產及金融資產即使持作出售，亦應按照截至二零一二年三月三十一日止年度的年度財務報告附註二中所列示之會計政策計量。

- (b) 中期所得稅乃按照預期年度的總盈利所適用之稅率予以預提。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

3. ACCOUNTING POLICIES (continued)

- (c) The following amendments to standards are mandatory for the first time for the financial year beginning 1 April 2012, but are not currently relevant or do not have significant impact to the Group's operations:
- HKAS 12 (Amendment), "Deferred tax: Recovery of Underlying assets"
 - HKFRS 1 (Amendment), "Severe hyperinflation and removal of fixed dates for first-time adopters"
 - HKFRS 7 (Amendment), "Disclosures – Transfers of financial assets"
- (d) The following new standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the Group:

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

3. 會計政策 (續)

- (c) 下列修訂準則於二零一二年四月一日開始的財政年度首次強制應用，但現與本集團業務無關或無重大影響：
- 香港會計準則第12號(修改)「遞延稅項：相關資產的收回」
 - 香港財務報告準則第1號(修改)「嚴重高通脹及剔除首次採納者的固定日期」
 - 香港財務報告準則第7號(修改)「披露—金融資產的轉讓」
- (d) 已發佈但仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋：

Effective for annual periods beginning on or after
之後開始的年度期間起生效

HKAS 1 (Amendment) Presentation of financial statements – other comprehensive income	1 July 2012
香港會計準則第1號(修改)「財務報表的呈列」—其他全面收益表	二零一二年七月一日
HKFRS 7 (Amendment) Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
香港財務報告準則第7號(修改)「金融工具：披露—抵銷金融資產及金融負債」	二零一三年一月一日
HKFRS 10 Consolidated Financial Statements	1 January 2013
香港財務報告準則第10號「綜合財務報表」	二零一三年一月一日
HKFRS 11 Joint arrangements	1 January 2013
香港財務報告準則第11號「合營安排」	二零一三年一月一日
HKFRS 12 Disclosure of Interests in Other Entities	1 January 2013
香港財務報告準則第12號「在其他主體權益的披露」	二零一三年一月一日
HKFRS 13 Fair value measurement	1 January 2013
香港財務報告準則第13號「公允價值計量」	二零一三年一月一日
HKAS 19 (Revised 2011) Employee Benefits	1 January 2013
香港會計準則第19號(修訂)「員工福利」	二零一三年一月一日
HKAS 27 (Revised 2011) Separate Financial Statements	1 January 2013
香港會計準則第27號(二零一一年修訂)「獨立財務報表」	二零一三年一月一日

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

3. ACCOUNTING POLICIES (continued)

- (d) The following new standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the Group (continued):

3. 會計政策(續)

- (d) 已發佈但仍未生效而本集團亦無提早採納的準則、修訂及對現有準則的詮釋(續)：

	Effective for annual periods beginning on or after 之後開始的年度期間起生效
HKAS 28 (Revised 2011) Investments in Associates and Joint Ventures 香港會計準則第28號(二零一一年修訂)「聯營公司及合營企業之投資」	1 January 2013 二零一三年一月一日
HKFRS 1 (Amendments) First time adoption of HKFRS 香港財務報告準則第1號「首次採納香港財務報告準則」	1 January 2013 二零一三年一月一日
HKAS 1 (Amendment) Presentation of Financial statements 香港會計準則第1號(修改)「財務報表的呈列」	1 January 2013 二零一三年一月一日
HKAS 16 (Amendment) Property, plant and equipment 香港會計準則第16號(修改)「物業、機器及設備」	1 January 2013 二零一三年一月一日
HKAS 32 (Amendment) Financial instruments: Presentation 香港會計準則第32號(修改)「金融工具：呈列」	1 January 2013 二零一三年一月一日
HKAS 34 (Amendment) Interim financial reporting 香港會計準則第34號(修改)「中期財務報告」	1 January 2013 二零一三年一月一日
HK(IFRIC 20) Stripping Costs in the Production Phase of a Surface Mine 香港(國際財務報告詮釋委員會)－詮釋20「露天礦生產階段的剝離成本」	1 January 2013 二零一三年一月一日
HKAS 32 (Amendment) Offsetting Financial Assets and Financial Liabilities 香港會計準則第32號(修改)「抵銷金融資產及金融負債」	1 January 2014 二零一四年一月一日
HKFRS 9 Financial Instruments 香港財務報告準則第9號「金融工具」	1 January 2015 二零一五年一月一日
HKFRS 9 and HKFRS 7 (Amendments) Mandatory Effective Date of HKFRS 9 and Transition Disclosures 香港財務報告準則第9號及第7號(修改)「強制性生效日期及過渡性披露」	1 January 2015 二零一五年一月一日

Management does not anticipate that the application of the new standards, amendments to standards and interpretations will result in a material impact on the Group's consolidated financial statements.

管理層預期該等新訂、修訂及對現有準則的詮釋之應用不會對本集團的綜合財務報表有重大影響。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

4. ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2012.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk, and fair value interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2012.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

As at 30 September 2012, the Group's net debt is zero (31 March 2012: zero), which is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents.

簡明綜合中期財務資料附註(續)

(除另有指明者外，所有金額均以港幣千元列示)

4. 估計

編製中期財務報表要求管理層對影響會計政策的應用和所報告資產和負債以及收支的數額作出判斷、估計和假設。實際結果或會與此等估計不同。

在編製此等簡明綜合中期財務資料時，管理層應用本集團會計政策時作出的重大判斷和估計不確定性的關鍵來源，與截至二零一二年三月三十一日止年度綜合財務報表所應用的相同。

5. 財務風險管理

5.1 財務風險因素

本集團的活動面對多項財務風險：市場風險（包括貨幣風險、現金流量之利率風險及公允價值之利率風險）、信用風險及流動性風險。

中期簡明綜合財務報表並未包括年度財務資料規定的所有財務風險管理信息和披露，此中期財務報表應與本集團截至二零一二年三月三十一日止年度的年度財務報表一併閱讀。

自年底以來，風險管理政策並無任何變動。

5.2 流動性風險

於二零一二年九月三十日，本集團之債務淨額為零（二零一二年三月三十一日：零）。債務淨額為總借貸（包括流動及非流動貸款）減去現金及現金等價物。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT (continued)

5.3 Fair value estimation

The following analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs (level 3).

The financial assets of level 3 fair value hierarchy classification as at 30 September 2012 and 31 March 2012 were the available-for-sale financial assets. During the reporting periods, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and no transfers into or out of level 3.

6. SEGMENT INFORMATION

The Group has organised its operations into three main operating segments:

- Flavours;
- Fragrances; and
- Reconstituted tobacco leaves.

The chief operating decision-makers have been identified as the executive directors (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

5. 財務風險管理 (續)

5.3 公允價值估計

下面利用估值法分析按公允價值入賬的金融工具。不同層級的定義如下：

- 相同資產或負債在活躍市場的報價（未經調整）（第一層）。
- 除了第1層所包括的報價外，該資產和負債的可觀察的其他輸入，可為直接（即例如價格）或間接（即源自價格）（第二層）。
- 資產和負債並非依據可觀察市場數據的輸入（即非可觀察輸入）（第三層）。

於二零一二年九月三十日及二零一二年三月三十一日，第三類公允價值架構類別之金融資產為可供出售金融資產，於本報告期內，在業務及經濟情況並無重大改變而引致本集團之金融資產公允價值發生重大變化，及概無任何金融資產於第三層架構類別轉入或轉出。

6. 分部資料

本集團的經營分為三項主要營運分部：

- 食用香精香料；
- 日用香精香料；及
- 煙草薄片。

主要經營決策者明確為執行董事（「執行董事」），執行董事審閱本集團的內部報告以評估表現及分配資源。管理層按照此報告以決定營運分部。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

6. SEGMENT INFORMATION (continued)

The Executive Directors consider the business from the operation perspective and assess the performance of flavours, fragrances and reconstituted tobacco leaves segments. Flavours include research and development, production and sale of flavours products. Fragrances include research and development, production and sale of fragrances products. Reconstituted tobacco leaves include research and development, production and sale of reconstituted tobacco leaves. The Executive Directors assess the performance of the operating segments based on a measure of operating profit.

The segment information for the six months ended 30 September 2012 is presented below:

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

6. 分部資料 (續)

執行董事從經營活動角度考慮業務及評估食用香精香料、日用香精香料及煙草薄片之分部業務表現。食用香精香料業務包括研發、生產及銷售食用香精香料產品。日用香精香料業務包括研發、生產及銷售日用香精香料產品。煙草薄片業務包括研發、生產及銷售煙草薄片產品。執行董事根據營運盈利的計量評估營運分部的表現。

截至二零一二年九月三十日止六個月的分部資料呈列如下：

		Unaudited 未經審核 For the six months ended 30 September 2012 截至二零一二年九月三十日止六個月					
		Flavours 食用 香精香料	Fragrances 日用 香精香料	Reconstituted tobacco leaves 煙草薄片	Total segments 分部總計	Corporate 總部	Total 總計
Total turnover	總營業額	1,410,102	94,228	196,142	1,700,472	-	1,700,472
Inter-segment sales	分部間銷售	(14,821)	(1,609)	-	(16,430)	-	(16,430)
Net turnover/Segment sales	淨營業額/分部收入	1,395,281	92,619	196,142	1,684,042	-	1,684,042
Segment result	分部業績	843,437	5,848	60,482	909,767	(11,579)	898,188
Finance income	財務收入						18,444
Finance costs	融資成本						(11,473)
Finance income – net	財務收入 – 淨額						6,971
Share of profit of associates	應佔聯營公司盈利						103
Profit before income tax	除稅前盈利						905,262
Income tax expense	所得稅						(109,702)
Profit for the half year	半年度盈利						795,560

		Unaudited 未經審核 As at 30 September 2012 於二零一二年九月三十日					
		Flavours 食用 香精香料	Fragrances 日用 香精香料	Reconstituted tobacco leaves 煙草薄片	Total segments 分部總計	Corporate 總部	Total 總計
Segment assets	分部資產	5,915,126	214,792	2,509,171	8,639,089	339,028	8,978,117

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

6. SEGMENT INFORMATION (continued)

The segment information for the six months ended 30 September 2011 is presented below:

6. 分部資料 (續)

截至二零一一年九月三十日止六個月的分部資料呈列如下：

		Unaudited 未經審核 For the six months ended 30 September 2011 截至二零一一年九月三十日止六個月					
		Flavours 食用 香精香料	Fragrances 日用 香精香料	Reconstituted tobacco leaves 煙草薄片	Total segments 分部總計	Corporate 總部	Total 總計
Total turnover	總營業額	1,337,890	86,937	110,769	1,535,596	-	1,535,596
Inter-segment sales	分部間銷售	(8,617)	(1,528)	-	(10,145)	-	(10,145)
Net turnover/Segment sales	淨營業額/分部收入	1,329,273	85,409	110,769	1,525,451	-	1,525,451
Segment result	分部業績	911,826	3,568	16,835	932,229	(3,392)	928,837
Finance income	財務收入						10,283
Finance costs	融資成本						(4,075)
Finance income – net	財務收入 – 淨額						6,208
Share of loss of associates	應佔聯營公司虧損						(61)
Profit before income tax	除稅前盈利						934,984
Income tax expense	所得稅						(111,385)
Profit for the half year	半年度盈利						823,599
		Unaudited 未經審核 As at 30 September 2011 於二零一一年九月三十日					
		Flavours 食用 香精香料	Fragrances 日用 香精香料	Reconstituted tobacco leaves 煙草薄片	Total segments 分部總計	Corporate 總部	Total 總計
Segment assets	分部資產	5,458,865	221,642	2,166,517	7,847,024	4,361	7,851,385

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

6. SEGMENT INFORMATION (continued)

Segment result represents the profit earned by each segment without inclusion of unallocated expenses, finance costs and finance income. This is the measure reported to chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

The total of non-current assets, other than financial instruments and deferred tax assets, of the Group as at 30 September 2012 and 2011 are mainly located in the PRC.

Revenues from external customers are derived from the sales of flavours, fragrances and reconstituted tobacco leaves to customers mainly located in the PRC.

Revenue derived from sales made to one single external customer for the six months ended 30 September 2012 amounted to 25% (30 September 2011: 29%) of the Group's total revenue. These revenues are attributable to flavours segment.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

6. 分部資料 (續)

分部業績是代表各分部之盈利，當中並沒有包括未分類支出、融資成本及財務收入。此分部業績主要是為分配資源和評估各分部之表現而向主要營運決策者呈列的方式。

除金融工具和遞延所得稅資產以外，於二零一二年及二零一一年九月三十日本集團的非流動資產總額主要位於國內。

來自外部客戶的收入主要來自銷售食用與日用香精香料及煙草薄片予國內客戶。

來源於最大外部單一客戶於截至二零一二年九月三十日止六個月的收入佔集團總收入的25% (二零一一年九月三十日: 29%)。這些收入是由食用香精香料分部產生的。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

7. PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INTANGIBLE ASSETS 7. 物業、機器及設備、土地使用權及無形資產

		Unaudited 未經審核						
	Note	Property, plant and equipment (excluding construction in progress) 物業、機器 及設備(不含 在建工程)	Construction in progress 在建工程	Total property, plant and equipment 物業、機器 及設備總計	Land use rights 土地使用權	Goodwill 商譽	Other intangible assets 其他 無形資產	Total intangible assets 無形 資產總計
For the six months ended	截至二零一一年							
30 September 2011	九月三十日止六個月							
At 1 April 2011	於二零一一年四月一日	490,328	46,045	536,373	194,697	2,569,712	310,246	2,879,958
Acquisition of Yunnan Zhengbang Shengwu Jishu Co., Ltd. ("Yunnan Zhengbang")	收購雲南正邦生物技術有限公司(「雲南正邦」)	224	-	224	-	5,781	-	5,781
Acquisition of business	收購業務	3,449	-	3,449	-	-	1,358	1,358
Additions	添置	26,913	92,944	119,857	-	-	852	852
Transfers	轉移	48,634	(48,634)	-	-	-	-	-
Disposals	出售	(1,523)	-	(1,523)	-	-	-	-
Depreciation and amortization	折舊及攤銷	16 (28,584)	-	(28,584)	(3,138)	-	(21,333)	(21,333)
Exchange differences	匯兌調整	13,784	1,299	15,083	5,769	62,091	9,321	71,412
At 30 September 2011	於二零一一年九月三十日	553,225	91,654	644,879	197,328	2,637,584	300,444	2,938,028
For the six months ended	截至二零一二年							
30 September 2012	九月三十日止六個月							
At 1 April 2012	於二零一二年四月一日	620,090	495,292	1,115,382	209,233	2,652,049	279,926	2,931,975
Acquisition of Zhejiang Xiangyuan Filter Materials Co., Ltd. ("Zhejiang Xiangyuan")	收購浙江香緣過濾材料有限公司(「浙江香緣」)	20 4,086	-	4,086	-	13,993	2,582	16,575
Additions	添置	39,629	174,970	214,599	-	-	97	97
Transfers	轉移	43,987	(43,987)	-	-	-	-	-
Disposals	出售	(387)	-	(387)	-	-	-	-
Depreciation and amortization	折舊及攤銷	16 (36,524)	-	(36,524)	(3,078)	-	(21,821)	(21,821)
Exchange differences	匯兌調整	(5,663)	(4,355)	(10,018)	(1,532)	(11,156)	(1,552)	(12,708)
At 30 September 2012	於二零一二年九月三十日	665,218	621,920	1,287,138	204,623	2,654,886	259,232	2,914,118

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

8. DEFERRED INCOME TAX ASSETS/LIABILITIES

The movement in the deferred income tax is as follows:

8. 遞延所得稅資產／負債

遞延所得稅變動如下：

				Unaudited 未經審核		
		Deferred income tax assets 遞延 所得稅資產		Deferred income tax liabilities		
				Withholding income tax on dividends expected to be remitted from group entities incorporated in the PRC 集團內 位於中國 國內的公司 預期匯出的 股息所產生之 預提所得稅		Total
		Unrealised profits arising from intra-group sales 集團內 公司間銷售 所產生的 集團內 未變現盈利	Valuation surplus of assets and recognition of intangible assets 資產評估 盈餘及無形 資產的確認			
	Note					
						總計
At 1 April 2011	於二零一一年四月一日	42,800	73,443	29,387		102,830
Recognised in the consolidated income statement	於綜合收益表確認	17	381	(2,421)	(29,066)	(31,487)
Exchange differences	匯兌調整		1,358	1,629	(321)	1,308
At 30 September 2011	於二零一一年九月三十日	44,539	72,651	-		72,651
At 1 April 2012	於二零一二年四月一日	44,436	66,004	6,784		72,788
Acquisition of Zhejiang Xiangyuan	收購浙江香緣	20	-	646	-	646
Recognised in reserves	於儲備確認		-	3,543	-	3,543
Recognised in the consolidated income statement	於綜合收益表確認	17	(2,717)	(3,563)	39	(3,524)
Exchange differences	匯兌調整		(380)	(435)	-	(435)
At 30 September 2012	於二零一二年九月三十日	41,339	66,195	6,823		73,018

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

8. DEFERRED INCOME TAX ASSETS/LIABILITIES (continued)

Deferred income tax assets are recognised for temporary differences arising from the unrealised profits from intra-group sales, and calculated under the liability method using the tax rates which are enacted or substantively enacted by the balance sheet date.

Deferred income tax liabilities have arisen from the valuation surplus of property, plant and equipment, land use rights and intangible assets, and recognition of intangible assets as a result of acquisition of subsidiaries; and withholding income tax on dividends expected to be remitted abroad by group entities incorporated in the PRC.

Pursuant to the Corporate Income Tax Laws of the PRC approved by the National People's Congress on 16 March 2007, a 10% withholding tax is levied on dividends remitted from the PRC entities to overseas investors with effect from 1 January 2008. A lower withholding tax rate of 5% is applied to Hong Kong investors as there is a tax treaty arrangement between the PRC and Hong Kong. However, the 5% treaty rate is not automatically granted. The taxpayer needs to apply for an approval for enjoying the tax treaty from the in-charge tax bureau. The directors of the Company estimated that a portion of profits generated by the PRC subsidiaries would be distributed to their Hong Kong immediate parent companies and the approval on the treaty rate will be obtained. Therefore, deferred income tax liabilities had been provided based on 5% of the estimated profits to be remitted to Hong Kong. The directors of the Company will review the funding requirements of the Group from time to time and revise the dividend distribution policy of its subsidiaries as appropriate.

As at 30 September 2012, deferred income tax liabilities of HKD207,758,000 (31 March 2012: HKD143,991,000) have not been recognised for the withholding tax that would otherwise be payable on the unremitted profits of certain PRC subsidiaries.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

8. 遞延所得稅資產／負債 (續)

集團內公司間銷售所產生的集團內未變現盈利確認為遞延所得稅資產，其金額以負債法按結算日已生效或已實質生效的稅率計算暫時性差額確定。

遞延所得稅負債乃由於本公司收購或合併附屬公司所導致之物業、機器及設備、土地使用權和無形資產的評估盈餘及無形資產的確認而產生，及集團內於中國註冊成立的公司預期匯出境外的股息所產生之預提所得稅。

根據全國人民代表大會於二零零七年三月十六日通過的中國企業所得稅法，由二零零八年一月一日起，中國企業向外商投資企業分派股息，需按10%之稅率徵收所得稅。基於中國及香港有特別稅務協定，故中國企業向香港投資企業分派股息，可享有較優惠的稅率5%徵收。但該5%協定稅率並非自動獲得，納稅人需要向主管稅局申請批准享有稅務協定。本公司董事預計會將某些中國大陸附屬公司之盈利派發股息予其於香港之直接母公司並會獲得批准享有稅務協定。因此，遞延所得稅負債乃按預計匯出香港之盈利以5%的稅率計算。本公司董事將不時檢討本集團之資金需求並適時調整附屬公司之股息政策。

於二零一二年九月三十日，本集團並未就若干中國大陸附屬公司之未匯出盈利須予支付的預提所得稅確認遞延所得稅負債港幣207,758,000元（二零一二年三月三十一日：港幣143,991,000元）。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

9. TRADE AND OTHER RECEIVABLES

		Note 附註	As at 30 September 2012 於二零一二年 九月三十日 Unaudited 未經審核	As at 31 March 2012 於二零一二年 三月三十一日 Audited 經審核
Trade receivables	貿易應收款項	9(b)	707,456	635,047
Less: Provision for impairment of receivables	減：應收款項減值撥備		(7,112)	(7,175)
Trade receivables – net	貿易應收款項 – 淨額		700,344	627,872
Notes receivable	應收票據		129,331	169,760
Prepayments and other receivables	預付款項及其他應收款項		148,049	110,640
Advances to staff	員工墊款		3,157	6,996
Others	其他		29,220	13,701
			1,010,101	928,969

(a) Except for prepayment of HKD54,002,000 (31 March 2012: HKD20,210,000), trade and other receivables balances are financial assets categorised under “loans and receivables”. All trade and other receivables are either repayable within one year or on demand. Accordingly, the fair values of the trade and other receivables approximate to their carrying values.

(b) The credit period generally granted to customers ranges from 0 to 180 days. At 30 September 2012 and 31 March 2012, the ageing analysis of the trade receivables (including amounts due from related parties which are trade in nature) based on invoice date were as follows:

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

9. 貿易及其他應收款項

(a) 除預付賬款港幣54,002,000元(二零一二年三月三十一日：港幣20,210,000元)外，貿易及其他應收款被分類為「貸款和應收款項」。所有貿易及其他應收項乃於一年內或於通知時清還。故貿易及其他應收款項賬面值與公允值相若。

(b) 授予客戶的信貸期一般為0至180日。於二零一二年九月三十日及二零一二年三月三十一日，貿易應收款項(包括關聯人士的貿易應收款項)根據發票日期的賬齡分析如下：

		As at 30 September 2012 於二零一二年 九月三十日 Unaudited 未經審核	As at 31 March 2012 於二零一二年 三月三十一日 Audited 經審核
0 – 90 days	0至90日	648,423	566,547
91 – 180 days	91至180日	33,979	40,636
181 – 360 days	181至360日	10,715	10,078
Over 360 days	360日以上	14,339	17,786
		707,456	635,047

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

10. SHARE CAPITAL

10. 股本

		Unaudited 未經審核	
		Ordinary shares of HKD0.10 each 每股面值港幣0.10元之普通股	
		Number of shares 股份數目	HKD'000 港幣千元
		Note 附註	
Authorised:	法定：		
At 1 April 2011, 30 September 2011, 1 April 2012 and 30 September 2012	於2011年4月1日、 2011年9月30日、 2012年4月1日及 2012年9月30日		5,000,000,000 500,000
Issued and fully paid:	已發行及繳足：		
At 1 April 2011	於二零一一年四月一日		3,150,050,961 315,005
Exercise of share options	行使購股權	11	4,550,000 455
At 30 September 2011	於二零一一年九月三十日		3,154,600,961 315,460
At 1 April 2012	於二零一二年四月一日		3,159,850,961 315,985
Repurchase and cancellation of shares	回購及註銷股份	10(a)	(14,680,000) (1,468)
At 30 September 2012	於二零一二年九月三十日		3,145,170,961 314,517

(a) During the six months ended 30 September 2012, the Company repurchased a total of 17,696,000 of its own ordinary shares through the Stock Exchange at an aggregate consideration of approximately HKD73,781,000 (excluding transaction costs), of which 14,680,000 of the repurchased shares were cancelled during the period and the amount paid on the repurchased shares was deducted from retained earnings of the Company. The highest price and lowest price paid for the repurchase was HK\$4.55 per share and HK\$3.70 per share respectively. The remaining 3,016,000 shares repurchased are recorded as "treasury shares" at 30 September 2012, which were subsequently cancelled on 29 October 2012.

(a) 於截至二零一二年九月三十日止六個月，本公司透過聯交所以總代價約港幣73,781,000元（不包括交易成本）購回合共17,696,000股自有普通股，其中14,680,000股購回股份於本期間註銷。回購股份所支付之代價於本公司保留盈利中扣除，回購所支付之最高價與最低價分別為每股港幣4.55元及港幣3.70元。回購股份中餘下的3,016,000股於截至二零一二年九月三十日已記入「庫存股份」內，並隨後於二零一二年十月二十九日註銷。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

11. SHARE OPTION SCHEME

On 10 October 2006 and 25 October 2006, the Group granted 97,200,000 and 30,400,000 share options with an exercise price of HKD3.09 per share and vesting periods of 0 to 3 years to employees and directors respectively. On 17 October 2007, the Group granted 13,900,000 and 3,600,000 share options with an exercise price of HKD6.65 per share and vesting periods of 0.5 to 3 years to employees and a director respectively. On 14 April 2008, the Group granted 10,400,000 share options to two directors with an exercise price of HKD6.39 per share and vesting periods of 0 to 3 years. The options have a contractual option term of 10 years. The Group has no legal or contractual obligation to repurchase or settle the options in cash. The fair value of the share options was determined using the Black-Scholes valuation model.

Movement in the number of share options outstanding during the half year and their related weighted average exercise prices are as follows:

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

11. 購股權計劃

於二零零六年十月十日及二零零六年十月二十五日，本集團分別授出97,200,000及30,400,000股購股權，行使價為每股港幣3.09元及歸屬期為0至3年，予現有僱員及董事。及於二零零七年十月十七日，本集團分別授出13,900,000及3,600,000股購股權，行使價為每股港幣6.65元及歸屬期為半年至3年，予現有僱員及一名董事。及於二零零八年四月十四日，本集團授予現有兩名董事10,400,000股購股權，行使價為每股港幣6.39元及歸屬期為0至3年。合同規定購股權的期限為十年。本集團無法律義務或合同回購及以現金支付購股權。購股權的公允價值由Black-Scholes評估模型確認。

於半年度內，未行使的購股權數目之變動及其相關之加權平均行使價列示如下：

		Unaudited 未經審核				
		For the six months ended 30 September 截至九月三十日止六個月				
		2012 二零一二年		2011 二零一一年		
		Weighted average exercise price in HKD per share	Number of share options (‘000)	Weighted average exercise price in HKD per share	Number of share options (‘000)	
		加權平均 行使價港元 (每股計)	購股權數目 (股數 以千計)	加權平均 行使價港元 (每股計)	購股權數目 (股數 以千計)	
		Note				
		附註				
Beginning of the period	期初		5.23	30,990	4.85	40,790
Exercised	已行使	11(a)	-	-	4.30	(4,550)
End of the period	期終		5.23	30,990	4.92	36,240

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

11. SHARE OPTION SCHEME (continued)

- (a) The weighted average share price immediately before the share option exercised dates was HKD10.75 per share for the six months ended 30 September 2011.

Share options outstanding as at 30 September 2012 are analysed as follows:

11. 購股權計劃(續)

- (a) 於截至二零一一年九月三十日止六個月期間，緊接購股權行使日期之前的加權平均收市價為每股港幣10.75元。

於二零一二年九月三十日未行使購股權之分析如下：

Grantee	被授予人	Unaudited 未經審核		
		Exercise price in HKD per share 行使價港元 (每股計)	Number of share options (‘000) 購股權數目 (股數以千計)	Expiry Date 失效日期
Directors	董事	3.09	4,000	24 October 2016 二零一六年十月二十四日
		6.65	2,600	16 October 2017 二零一七年十月十六日
		6.39	10,400	13 April 2018 二零一八年四月十三日
Employees	僱員	3.09	7,600	9 October 2016 二零一六年十月九日
		6.65	6,390	16 October 2017 二零一七年十月十六日
			30,990	
At 30 September 2012	於二零一二年九月三十日			

All share options outstanding as at 30 September 2012 and 2011 are currently exercisable.

於二零一二年及二零一一年九月三十日，所有未行使的購股權於現在可予行使。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

12. RESERVES

12. 儲備

		Unaudited 未經審核									
Notes	Contributed surplus	Merger reserve	Share premium	Treasury Shares	Capital reserve	Capital redemption reserve	Share-based compensation reserve	Exchange reserve	Other reserves	Total	
附註	實繳盈餘	合併儲備	股份溢價	庫存股份	資本儲備	資本贖回儲備	以股份為基礎的酬金儲備	換算儲備	其他儲備	總計	
At 1 April 2011	於二零一一年四月一日	288,191	(617,160)	405,162	-	1,677	-	47,737	408,809	142,902	677,318
Fair value gains on available-for-sale financial assets	可供出售金融資產之公允淨收益	-	-	-	-	-	-	-	-	814	814
Appropriations from net profit	自純利撥付	-	-	-	-	-	-	-	-	89	89
Employee share option scheme	僱員購股權計劃	-	-	-	-	-	-	-	-	-	-
- Value of employee services	- 僱員服務價值	-	-	-	-	-	75	-	-	-	75
- Exercise of share option	- 行使購股權	-	-	22,783	-	-	(3,660)	-	-	-	19,123
Exchange differences	匯兌調整	-	-	-	-	-	-	111,589	-	-	111,589
At 30 September 2011	於二零一一年九月三十日	288,191	(617,160)	427,945	-	1,677	-	44,152	520,398	143,805	809,008
At 1 April 2012	於二零一二年四月一日	288,191	(617,160)	445,977	-	1,677	-	41,817	549,592	157,308	867,402
Fair value changes and related deferred tax liabilities on available-for-sale financial assets	可供出售金融資產之公允值變動及相關之遞延所得稅負債	-	-	-	-	-	-	-	-	(2,511)	(2,511)
Appropriations from net profit	自純利撥付	-	-	-	-	-	-	-	-	828	828
Acquisition of additional interests of Qingdao Qingda from non-controlling interests	向非控制性權益收購青島青大額外權益	23	-	-	-	-	-	-	-	3,312	3,312
Repurchase of shares	回購股份	-	-	-	(302)	-	1,770	-	-	-	1,468
Exchange differences	匯兌調整	-	-	-	-	-	-	(36,674)	-	-	(36,674)
At 30 September 2012	於二零一二年九月三十日	288,191	(617,160)	445,977	(302)	1,677	1,770	41,817	512,918	158,937	833,825

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

13. BORROWINGS

13. 貸款

		As at 30 September 2012 於二零一二年 九月三十日 Unaudited 未經審核	As at 31 March 2012 於二零一二年 三月三十一日 Audited 經審核
Current	流動		
– Unsecured	– 無抵押	927,500	927,500
Total borrowings	總貸款	927,500	927,500

Movement in borrowings is analysed as follows:

貸款變動情況分析如下：

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月	
		2012 二零一二年	2011 二零一一年
Opening balance as at 1 April	於四月一日期初結餘	927,500	743,562
Exchange differences	匯兌差額	–	117
Closing balance as at 30 September	於九月三十日期末結餘	927,500	743,679

The unsecured bank loans are denominated in HKD and are repayable within one year. During the period, the average interest rate is 2.47% (30 September 2011: 1.49%) per annum.

無抵押銀行貸款以港幣為單位，並需於一年內到期償還。於期內，該貸款平均利息為每年2.47厘（二零一一年九月三十日：1.49厘）。

The carrying amounts of the Group's borrowings approximate their fair values.

貸款的賬面值與公允值相近。

Interest expense on bank borrowings for the six months ended 30 September 2012 amounted to HKD11,456,000 (30 September 2011: HKD5,634,000).

截至二零一二年九月三十日止六個月的銀行貸款利息開支為港幣11,456,000元（二零一一年九月三十日：港幣5,634,000元）。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

14. TRADE AND OTHER PAYABLES

14. 貿易及其他應付款項

		Note	As at 30 September 2012 於二零一二年 九月三十日 Unaudited 未經審核	As at 31 March 2012 於二零一二年 三月三十一日 Audited 經審核
Trade payables	貿易應付款項	14(a)	326,967	359,310
Non-trade payables to related parties	非貿易應付關聯人士款項	22(c)	123,985	123,985
Dividends payable	應付股息	14(b)	310,961	14,497
Wages payable	應付工資		18,633	11,806
Other taxes payable	其他應付稅項		37,063	25,069
Accrued expenses	應計開支		17,128	12,303
Advance from customers	客戶預付款		2,385	5,333
Other payables	其他應付款項		47,265	31,923
			884,387	584,226

Except for other taxes payable of HKD37,063,000 (31 March 2012: HKD25,069,000), wages payable of HKD18,633,000 (31 March 2012: HKD11,806,000) and advances from customers of HKD2,385,000 (31 March 2012: HKD5,333,000), trade and other payables balances are financial liabilities categorised under "financial liabilities measured at amortised cost". The fair values of trade and other payables approximate their carrying values.

除其他應付稅款港幣37,063,000元(二零一二年三月三十一日: 港幣25,069,000元)、應付工資港幣18,633,000元(二零一二年三月三十一日: 港幣11,806,000元)及客戶預付款港幣2,385,000元(二零一二年三月三十一日: 港幣5,333,000元)外，貿易及其他應付款被分類為「按攤銷成本計量的金融負債」。貿易及其他應付款項的公允價值與其賬面值相若。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

14. TRADE AND OTHER PAYABLES (continued)

- (a) As at 30 September 2012 and 31 March 2012, the ageing analysis of the trade payables (including amounts due to related parties which are trade in nature) based on invoice dates were as follows:

		As at 30 September 2012 於二零一二年 九月三十日 Unaudited 未經審核	As at 31 March 2012 於二零一二年 三月三十一日 Audited 經審核
0 – 90 days	0至90日	259,015	285,947
91 – 180 days	91至180日	43,476	43,625
181 – 360 days	181至360日	7,289	7,831
Over 360 days	360日以上	17,187	21,907
		326,967	359,310

(b) Dividends payable

It represents:

- (i) final dividend of the Company for the year ended 31 March 2012; and
- (ii) dividend payable to non-controlling shareholders.

(b) 應付股息

乃指：

- (i) 本公司截至二零一二年三月三十一日止年度之末期股息；及
- (ii) 向非控制性股東派付的股息。

15. OTHER INCOME

15. 其他收益

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月 2012 二零一二年	2011 二零一一年
Government grants	政府補貼	55,926	37,629
Exchange (loss)/gain	匯兌(損失)/收益	(15,930)	52,518
Others	其他	16,512	2,289
		56,508	92,436

簡明綜合中期財務資料附註(續)

(除另有指明者外，所有金額均以港幣千元列示)

14. 貿易及其他應付款項(續)

- (a) 於二零一二年九月三十日及二零一二年三月三十一日，貿易應付款項(包括關聯人士的貿易應付款項)根據發票日期的賬齡分析如下：

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

16. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing expenses and administrative expenses are analysed as follows:

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

16. 按性質分類的開支

費用包括銷售成本、銷售及市場推廣開支及行政費用，分析如下：

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2012	2011
		二零一二年	二零一一年
	Note 附註		
Depreciation, excluding amounts included in research and development	7	31,067	23,788
Amortization	7	24,899	24,471
Employee benefit expenses, excluding share option compensation expenses and amounts included in research and development		86,848	63,715
Share option compensation expenses		–	75
Lease rentals		8,032	5,927
Travelling expenses		17,291	14,249
Entertainment expenses		14,262	10,708
Research and development			
– Employee benefit expenses		33,239	25,816
– Depreciation	7	5,457	4,796
– Others		59,471	51,152

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

17. INCOME TAX EXPENSE

17. 所得稅

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月	
		2012 二零一二年	2011 二零一一年
		Note 附註	
Current income tax:	即期稅項		
– Hong Kong profits tax	– 香港所得稅	17(a)	6,468
– PRC corporate income tax	– 中國企業所得稅	17(b)	136,206
– Germany company income tax	– 德國企業所得稅	17(c)	–
– Botswana company income tax	– 博茨瓦納企業所得稅	17(d)	579
Deferred income tax assets	遞延所得稅資產	8	(381)
Deferred income tax liabilities	遞延所得稅負債	8	(31,487)
			109,702
			111,385

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the period.
- (b) PRC corporate income tax has been calculated on the estimated assessable profit for the period at the tax rates applicable to respective companies of the Group.
- (c) Germany company income tax has been provided at the rate of 15% (2011: 15%) on the estimated assessable profit for the period.
- (d) Botswana company income tax has been provided at the rate of 15% (2011: 15%) on the estimated assessable profit for the period.

- (a) 香港所得稅按本期間估計應課稅盈利以稅率16.5% (二零一一年：16.5%) 撥備。
- (b) 中國企業所得稅撥備按本集團在中國大陸企業於本期間估計應課稅盈利以其適用的稅率而定。
- (c) 德國企業所得稅按本期間估計應課稅盈利以稅率15% (二零一一年：15%) 撥備。
- (d) 博茨瓦納企業所得稅按本期間估計應課稅盈利以稅率15% (二零一一年：15%) 撥備。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

18. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2012 二零一二年	2011 二零一一年
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	784,903	814,920
Weighted average number of ordinary shares in issue ('000)	已發行之普通股之加權平均數 (千計)	3,156,480	3,152,630
Basic earnings per share (HK cents per share)	每股基本盈利 (每股港仙)	24.87	25.85

(b) Diluted

Diluted earnings per share is calculated based on the weighted average number of ordinary shares outstanding, assuming that all dilutive potential ordinary shares have been converted. For the six months ended 30 September 2012, the Company has one type of dilutive potential ordinary shares, i.e. share options.

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

18. 每股盈利

(a) 基本

每股基本盈利乃根據本期間本公司權益持有人應佔盈利，除以期內已發行普通股的加權平均數目計算。

(b) 攤薄

每股攤薄盈利假設所有可攤薄的潛在普通股被轉換後，根據已發行普通股的加權平均股數計算。在截至二零一二年九月三十日止六個月，本公司有一類可攤薄的潛在普通股，即購股權。

至於購股權，根據未行使購股權所附的認股權的貨幣價值，釐定按公允價值(釐定為本公司股份的平均期內市價)可購入的股份數目。按以上方式計算的股份數目，與假設購股權行使而應已發行的股份數目作出比較。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

18. EARNINGS PER SHARE (continued)

(b) Diluted (continued)

18. 每股盈利(續)

(b) 攤薄(續)

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2012 二零一二年	2011 二零一一年
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	784,903	814,920
Weighted average number of ordinary shares used to calculate basic earnings per share ('000)	用以確定每股基本盈利的普通股的加權平均數(千計)	3,156,480	3,152,630
Adjustment for: – exercise of share options ('000)	調整： – 行使購股權(千計)	2,265	16,555
Weighted average number of ordinary shares for diluted earnings per share ('000)	每股攤薄盈利的普通股的加權平均數(千計)	3,158,745	3,169,185
Diluted earnings per share (HK cents per share)	每股攤薄盈利(每股港仙)	24.85	25.71

19. DIVIDENDS

The interim dividend for the six months ended 30 September 2012 declared after the end of the reporting period amounts to HK7.48 cents (2011: HK7.80 cents) per share, HKD235,033,000 (2011: HKD246,059,000) in aggregate, together with a special dividend of HK2.48 cents (2011: HK5.18 cents) per share, HKD77,926,000 (2011: HKD163,408,000) in aggregate. As the interim and special dividends are declared after the end of the reporting period, they are not recognised as dividend payable as at 30 September 2012.

19. 股息

於報告期末日後宣派截至二零一二年九月三十日止六個月的中期股息，每股港幣7.48仙(二零一一年：港幣7.80仙)，合計港幣235,033,000元(二零一一年：港幣246,059,000元)，及特別股息每股港幣2.48仙(二零一一年：港幣5.18仙)，合計港幣77,926,000元(二零一一年：港幣163,408,000元)。由於中期及特別股息乃於報告期末日後宣派，因此並未確認於二零一二年九月三十日的應付股息內。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

20. BUSINESS COMBINATIONS

During the period, Guangdong Province Jinye Reconstituted Tobacco Leaves Technology Development Company Limited ("Guangdong Jinye"), a subsidiary of the Company, entered into an agreement (the "S&P Agreement") with four independent third parties (the "Sellers") to acquire a 100% equity interests in Zhejiang Xiangyuan, a company incorporated in the PRC, for a cash consideration of RMB5,000,000 (approximately HKD6,133,000). According to the S&P Agreement, any time within approximately three years from the date of completion of the S&P Agreement, Guangdong Jinye has to sell back to three designated Sellers, and such Sellers has to acquire from Guangdong Jinye, the 100% equity interests in Zhejiang Xiangyuan for a consideration of RMB1 (the "Sale Back"). Prior to completion of the Sale Back, Guangdong Jinye has to ensure that Zhejiang Xiangyuan's assets include the existing prepayment for land use right, property and construction in progress with total carrying value of approximately HKD5,054,000 as at 30 June 2012. After completion of the Sale Back, Guangdong Jinye will be entitled to the technology and plant and equipment. The acquisition was completed on 30 June 2012 and Zhejiang Xiangyuan became a subsidiary of the Group.

Zhejiang Xiangyuan is principally engaged in development of the production technology of special type reconstituted tobacco leaves in the PRC and has obtained experimental results. The Group will conduct further development base on these results through acquisition. It is expected that commercial production and promotion of the products will be conducted after test. The goodwill of HKD13,993,000 arises from the synergies expected to be created through the enrichment of the Group's reconstituted tobacco leaves products via acquisition.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

20. 業務合併

於本期間，本公司之附屬公司，廣東省金葉煙草薄片技術開發有限公司（「廣東金葉」），與四名獨立第三方（「賣方」）簽署協議（「買賣協議」），以現金收購代價人民幣5,000,000元（約港幣6,133,000元）收購一間於中國成立的公司，浙江香緣的100%權益。根據買賣協議，在買賣協議完成日起約三年內的任何時間，廣東金葉需要以人民幣1元的代價出售浙江香緣的100%權益予三名指定賣方而該賣方需要向廣東金葉買入（「售回」）。於售回完成前，廣東金葉需要確保浙江香緣的資產包括現有的土地使用權預付款，房產及在建工程（於二零一二年六月三十日的總賬面值約為港幣5,054,000元）。於售回完成後，廣東金葉享有技術和機器及設備。該收購已於二零一二年六月三十日完成而浙江香緣已成為本集團之附屬公司。

浙江香緣主要在中國從事一項特種薄片生產技術的研究，並已取得了實驗性成果。通過收購，本集團在此基礎上進行進一步研究，有望在完成中試後進行商業化生產及推廣。港幣13,993,000元商譽之產生乃通過收購進一步豐富本公司薄片產品線而預期產生之協同效應。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

20. BUSINESS COMBINATIONS (continued)

Details of net liabilities acquired and goodwill are as follows:

20. 業務合併(續)

收購產生之淨負債及商譽詳情如下：

		Total 合計
Purchase consideration	收購代價	
– cash paid	– 現金支付	6,133
– liability assumed	– 承擔的債務	5,054
Total purchase consideration	總收購代價	11,187
Fair value of identifiable net liabilities acquired	收購可辨認淨負債之公允價值	
– shown below	– 詳列下文	2,806
Goodwill	商譽	13,993

None of the goodwill recognised is expected to be deductible for income tax purposes.

已確認的商譽預期不可扣減稅項。

The fair value of assets and liabilities as at the acquisition date arising from the acquisition are as follows:

於收購日，因收購而產生之資產及負債的公允價值如下：

		Unaudited 未經審核 Fair value 公允價值
Net liabilities acquired	收購之負債淨值	
Property (a)	房產(a)	738
Construction in progress (a)	在建工程(a)	2,476
Prepayment for land use right (a)	土地使用權預付款(a)	1,840
Plant and equipment	機器及設備	4,086
Intangible assets	無形資產	2,582
Cash and cash equivalents	現金及現金等價物	18
Other receivables	其他應收款項	247
Trade and other payables	貿易及其他應付款項	(14,147)
Deferred tax liabilities	遞延所得稅負債	(646)
Net Liabilities acquired	收購之負債淨值	(2,806)
Outflow of cash to acquire business, net of cash acquired	收購業務之現金流出 (扣除收購之淨現金)	
Cash consideration paid	以現金支付收購代價	6,133
Cash and cash equivalents in the subsidiary acquired	收購附屬公司內的現金及 現金等價物	(18)
Net cash inflow on acquisition	收購的淨現金流出	6,115

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

20. BUSINESS COMBINATIONS (continued)

(a) Assets held for sale

Guangdong Jinye expects to sell back property, construction in progress and prepayment for land use right amounting to HKD5,054,000 to some of the Sellers within one year. Therefore, these assets are recognised as "assets held for sale", correspondingly, a liability of the same amount is recognised as part of the consideration.

(b) Revenue and profit contribution

The acquired business contributed nil revenue and net loss after tax of HKD472,000 to the Group for the period from the date of acquisition to 30 September 2012. If the acquisition had occurred on 1 April 2012, the consolidated revenue would not be changed and the consolidated net profit after tax would have been decreased by approximately HKD649,000 and hence the consolidated income statement for the six months ended 30 September 2012 would have shown the consolidated revenue of HKD1,684,042,000 and consolidated net profit after tax of HKD794,911,000.

21. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the closing date but not yet incurred is as follows:

		As at 30 September 2012 於二零一二年 九月三十日 Unaudited 未經審核	As at 31 March 2012 於二零一二年 三月三十一日 Audited 經審核
Contracted but not provided for	已簽約但未撥備：		
Property, plant and equipment	物業、機器及設備	173,886	250,383
Investment in an associate	於聯營公司之投資	134,015	135,203
		307,901	385,586

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以港幣千元列示)

20. 業務合併 (續)

(a) 持作出售之資產

廣東金葉預期於一年內出售土地使用權預付款，房產及在建工程予部份賣方，其金額為港幣5,054,000元。因此，此等資產被確認為「持作出售之資產」。相應地，相同金額的負債被確認為代價的一部份。

(b) 收入及盈利之貢獻

該業務自收購日至二零一二年九月三十日止，並無為本集團帶來銷售收入及為本集團帶來約港幣472,000元的除稅後虧損。如該收購自二零一二年四月一日發生，本集團之綜合銷售收入將不會變動及綜合稅後盈利將減少約港幣649,000元，而在截至二零一二年九月三十日止六個月之綜合收益表亦將會顯示綜合銷售收入約港幣1,684,042,000元和綜合稅後盈利約港幣794,911,000元。

21. 承擔

(a) 資本承擔

結算日已簽約但仍未產生的資本開支如下：

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in HK dollar thousands unless otherwise stated)

21. COMMITMENTS (continued)

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases at the end of the reporting period are as follows:

		As at 30 September 2012 於二零一二年 九月三十日 Unaudited 未經審核	As at 31 March 2012 於二零一二年 三月三十一日 Audited 經審核
Land and buildings:	土地及樓宇：		
Not later than 1 year	不超過1年	8,757	9,959
Later than 1 year and not later than 5 years	超過1年但不超過5年	5,153	5,493
		13,910	15,452

22. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name 名稱	Relationship 關係
Ms. Chu 朱女士	The single largest shareholder of the Company 本公司的第一大股東
Owada International Flavors & Fragrances (Guangzhou) Limited ("Owada International") 澳華達國際香料(廣州)有限公司 (「澳華達國際」)	A company controlled by Ms. Chu 受朱女士控制
Henan Jinrui Flavours Co. Limited ("Henan Jinrui") 河南金瑞香精香料有限公司(「河南金瑞」)	An associate indirectly held by the Company 本公司間接持有的聯營公司

簡明綜合中期財務資料附註(續)

(除另有指明者外，所有金額均以港幣千元列示)

21. 承擔(續)

(b) 營運租賃承擔

於報告期末日根據不可撤銷營運租賃，未來最低租賃付款總額如下：

22. 關聯人士交易

(a) 關聯人士名稱與關係

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

22. RELATED PARTY TRANSACTIONS (continued)

22. 關聯人士交易(續)

(b) Transactions with related parties

(b) 與關聯人士的交易

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2012	2011
		二零一二年	二零一一年
Sales of goods, net of value-added tax, to	銷售貨品，除增值稅後，予：		
– Henan Jinrui	– 河南金瑞	1,663	–

(c) Balances with related parties

(c) 關聯人士結餘

		As at 30 September 2012	As at 31 March 2012
		於二零一二年 九月三十日	於二零一二年 三月三十一日
		Unaudited 未經審核	Audited 經審核
		Note 附註	
<i>Balances due from related parties:</i>	<i>應收關聯人士結餘：</i>		
Included in trade and other receivables	計入貿易及其他應收款項		
– trade receivables	– 計入貿易應收款項	3,486	1,882
– others (dividend receivable)	– 計入其他(應收股息)	2,011	2,029
Henan Jinrui	河南金瑞	5,497	3,911
<i>Balances due to related parties:</i>	<i>應付關聯人士結餘：</i>		
Included in trade payables	計入貿易應付款項		
– Owada International	– 澳華達國際	13,450	14,867
Included in non-trade payables	計入應付非貿易款項		
– Ms. Chu	– 朱女士	14 123,985	123,985

All the balances with related parties were unsecured, interest-free and repayable on demand.

所有關聯人士結餘均為無抵押、免息及須於通知時清還。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註(續)

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

22. RELATED PARTY TRANSACTIONS (continued)

(d) Key management compensation

Key management includes directors and senior management. The compensation of key management during the six months ended 30 September 2012 and 2011 are shown below:

22. 關聯人士交易(續)

(d) 主要管理人員酬金

主要管理人員包括董事(執行董事與獨立非執行董事)和高級管理人員。向主要管理人員支付作為僱員服務的已付或應付酬金如下：

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2012 二零一二年	2011 二零一一年
Fees, salaries and bonus	工資、薪酬及獎金	15,014	6,276
Employer's contribution to retirement benefit scheme	僱主就退休計劃供款	361	289
Share-based payment	授予董事及僱員之購股權	-	75
		15,375	6,640

23. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

Acquisition of additional interest in Qingdao Qingda

On 27 September 2012, Shanghai Huazhen Food Technology Development Company Limited, a wholly owned subsidiary of the Company, acquired an additional 25% equity interests from non-controlling interests in Qingdao Qingda at a cash consideration of approximately HKD12,827,000. After completion of the acquisition, the Group's shareholdings in Qingdao Qingda increased from 75% to 100%. The effect of changes in the ownership interest of Qingdao Qingda on the equity attributable to owners of the Company during the period is summarised as follows:

23. 附屬公司所有者權益的變動(不改變控制權)

收購青島青大額外權益

於二零一二年九月二十七日，本公司之全資附屬公司，上海華臻食品科技發展有限公司以現金約港幣12,827,000元向非控制性權益收購青島青大額外的25%權益。該收購完成後，本集團於青島青大的股權由75%增至100%。期內就青島青大所有權益的變動對本公司權益持有人應佔權益的影響摘要如下：

		Amount 金額
Carrying amount of non-controlling interests acquired	購入非控制性權益的賬面值	16,139
Consideration paid to non-controlling interests	支付予非控制性權益的對價	(12,827)
Excess of non-controlling interests acquired over cash consideration paid is recognised in equity	非控制性權益超出支付現金對價於權益中確認	3,312

The Group recognised a decrease in non-controlling interests of HKD16,139,000 and an increase in equity attributable to owners of the Company of HKD3,312,000.

本集團確認非控制性權益減少港幣16,139,000元和本公司權益持有人應佔權益增加港幣3,312,000元。

Glossary

AGM	Annual general meeting
Board	Board of the Company
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG Code	Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
China or Mainland	Mainland of the PRC
China Tobacco Anhui	China Tobacco Anhui Reconstituted Tobacco Leaves Technology Ltd.
Company or Huabao	Huabao International Holdings Limited
Director(s)	Director(s) of the Company
EPS	Earnings per share
FCCA	Fellow Member of Association of Chartered Certified Accountants
FCIS	Fellow Member of The Institute of Chartered Secretaries and Administrators
FCPA	Fellow Member of Hong Kong Institute of Certified Public Accountants
FCS	Fellow Member of The Hong Kong Institute of Chartered Secretaries
Group or Huabao Group	the Company and its subsidiaries
Guangdong Jinke	Guangdong Jinke Reconstituted Tobacco Leaves Co., Ltd.
Guangdong Jinye	Guangdong Province Jinye Reconstituted Tobacco Leaves Technology Development Co., Ltd.
Guangdong Jinye Group	Guangdong Jinye and its subsidiaries and affiliated companies
HKD	Hong Kong dollars
Hong Kong or HKSAR	Hong Kong Special Administrative Region of the People's Republic of China
Huabao Kongque	Shanghai H&K Flavours & Fragrances Co., Ltd.
Huangguoshu Jinye	Guizhou Huangguoshu Jinye Technology Co., Ltd.
INED(s)	Independent Non-executive Director(s) of the Company
KPI	key performance indicator
Listing Rules	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers
PRC	The People's Republic of China
R&D	Research and development
RMB	Renminbi
RTL	Reconstituted tobacco leaves
SFC	Securities and Futures Commission
SFO	Securities and Futures Ordinance of the Laws of HKSAR
Share(s)	Ordinary share(s) of HKD0.10 each of the Company
Shareholder(s)	Shareholder(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
Xiamen Amber	Xiamen Amber Perfumery Co., Ltd
Yunnan Huaxiangyuan	Yunnan Aroma Source Manufacturing Co., Ltd.
Zhejiang Xiangyuan	Zhejiang Xiangyuan Filter Materials Co., Ltd.

詞彙

股東週年大會	股東週年大會
董事會	本公司的董事會
CEO	總裁
CFO	財務總監
企業管治守則	香港聯合交易所有限公司證券上市規則附錄14所列的企業管治守則
中國或內地	中華人民共和國境內
安徽中煙	安徽中煙再造煙葉科技有限公司
本公司或華寶	華寶國際控股有限公司
董事	本公司董事
EPS	每股盈利
FCCA	英國特許公認會計師公會資深會員
FCIS	英國特許秘書及行政人員公會資深會員
FCPA	資深會計師
FCS	香港特許秘書公會資深會員
本集團或華寶集團	本公司及其附屬公司
廣東金科	廣東金科再造煙葉有限公司
廣東金葉	廣東省金葉煙草薄片技術開發有限公司
廣東金葉集團	廣東金葉及其附屬公司及聯營公司
HKD	港幣
香港	中華人民共和國香港特別行政區
華寶孔雀	上海華寶孔雀香精香料有限公司
黃果樹金葉	貴州黃果樹金葉科技有限公司
獨立非執行董事	本公司之獨立非執行董事
KPI	關鍵績效指標
上市規則	香港聯合交易所有限公司證券上市規則
標準守則	上市發行人董事進行證券交易的標準守則
中國	中華人民共和國
研發	研究及發展
人民幣	人民幣，中國法定貨幣
煙草薄片	煙草薄片
證監會	證券及期貨事務監察委員會
證券及期貨條例	證券及期貨條例
普通股	本公司股本中每股面值港幣0.10元的普通股
股東	本公司之股東
聯交所	香港聯合交易所有限公司
廈門琥珀	廈門琥珀香料有限公司
雲南華香源	雲南華香源香料有限公司
浙江香緣	浙江香緣過濾材料有限公司

